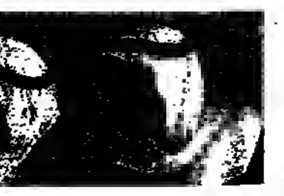
**Weekend FT**

Inside section II
20 Pages

*North Sea oil: after 25 years, what happens next?*
Page I



*A warm welcome in the snow and fog of Syria*
Page XIV

*Sundance kids: a festival of exciting young film makers*
Page XIX

*Has the Bundesbank saved Emu and sparked European recovery?*
Page 6

# FINANCIAL TIMES

Europe's Business Newspaper | WEEKEND FEBRUARY 6/FEBRUARY 7 1993 | D8523A

## Shipyard workers begin indefinite strike over pay

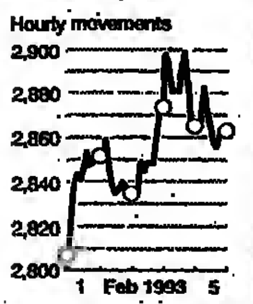
Workers at the Yarrow warship yard on Clydeside have begun an indefinite strike for the first time since 1985. The 1,300 strikers rejected the company's two-year pay offer of a £300 lump sum immediately and a 3.8 per cent rise in July in exchange for changes to working practices. The yard, owned by Britain's General Electric Company, has orders for five Type 23 frigates for the Royal Navy and two for the Malaysian navy. Page 22

**Zaire PM sacked:** Zaire's President Mobutu Sese Seko sacked reformist prime minister Etienne Tshisekedi, with whom he is locked in a power struggle, blaming him for riots which killed at least 80 people.

**Ford demands no bail-out for Daf:** Truck maker Iveco Ford called on the government not to bail out beleaguered Anglo-Dutch commercial vehicle maker Daf, claiming that £750m of debts had been written off by the government, when Daf took over Leyland Vehicles in 1987. Page 22

**Wall Street leads London rally**

**FT-SE 100 Index**



Share prices rallied strongly at the close of an erratic session, helped by renewed strength on Wall Street. A gain of 17.7 to 2,883.5 on the Footsie had been replaced by early afternoon with a loss of 12.3, but then the mood improved and by the close the Index was down only 3.0 at 2,862.9. Page 13, Markets, Weekend II

**British Coal heads for confrontation:** British Coal's calls for longer shifts and weekend working to save many of the 31 pits threatened with closure look set to antagonise the National Union of Mineworkers, which is strongly opposed to changes in work organisation. Page 4

**Japan may seek imports:** Japan said it may further stimulate its economy to attract imports as a result of a 61 per cent rise in its current account surplus last year to a record $117bn (£77.4bn). Page 3

**Birse reschedules loans:** Construction company Birse Group announced a rescheduling of its short-term borrowings on a three-year basis. Chairman Peter Birse said the move reflected the banks' confidence in the group's long-term future. Page 8

**Teachers to vote on tests boycott:** The second largest teachers' union, NUSAWT, is to ballot its 127,000 members on a boycott of national curriculum tests this year. The tests are due to be sat by all seven and 14-year-olds in state schools. Page 4

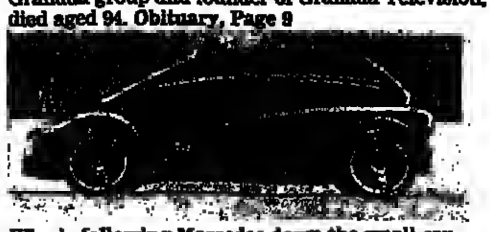
**Insolvencies rise:** The number of personal insolvencies jumped 44 per cent to 36,794 last year compared with 1991. Company insolvencies grew 12 per cent during the year to 24,424. Page 4

**Private housing starts down 10 per cent:** The number of new homes started by private housebuilders last year fell 10 per cent compared with 1991 to below 121,000. Page 4

**Fewer US jobless:** US unemployment fell to 7.1 per cent, the lowest level in a year, because of the economy's faster growth. Page 22

**Salmon to be destroyed:** More than 500,000 salmon worth up to £10m are to be destroyed in the Shetland Islands following the Braer tanker disaster last month. Oil tanker operators endorse new code, Page 4

**Lord Bernstein of Leigh,** president of the Granada group and founder of Granada Television, died aged 94. Obituary, Page 9



Who is following Mercedes down the small car route? This concept car from a European manufacturer noted for luxury cars could be on the road before the end of the century. Page 2

| ■ STOCK MARKET INDICES | | |
|---|---|---|
| FT-SE 100: | 2,862.9 | (-3.0) |
| Yield | 4.27 | |
| FT-SE Eurotrack 100 | 1,129.52 | (+16.17) |
| FT-A All-Share | 1,396.67 | (-0.0%) |
| Nikkei | 17,332.96 | (+142.27) |
| New York lunchtime: | | |
| Dow Jones Ind Ave | 3,436.46 | (+19.72) |
| S&P Composite | 448.70 | (-0.86) |
| ■ US LUNCHTIME RATES | | |
| Federal Funds: | 2⅞% | |
| 3-mo Treas Bills: Yld | 2.951% | |
| Long Bond | 105 7/16 | |
| Yield | 7.164% | |
| ■ LONDON MONEY | | |
| 3-mo Interbank | 6⅛% | (Same) |
| Liffe long gilt future: | Mar 101 11/32 | (Mar 101 3/8) |
| ■ NORTH SEA OIL (Argus) | | |
| Brent 15-day March | $18.63 | (18.585) |
| ■ Gold | | |
| New York Comex (Feb) | $328.5 | (329.0) |
| London | $328.8 | (328.15) |

| ■ STERLING | | |
|---|---|---|
| New York lunchtime: | | |
| $ | 1.4475 | |
| London: | | |
| $ | 1.447 | (1.446) |
| DM | 2.395 | (2.39) |
| FFr | 8.095 | (8.075) |
| SFr | 2.21 | (Same) |
| Y | 180.0 | (Same) |
| £ Index | 77.7 | (77.5) |
| ■ DOLLAR | | |
| New York lunchtime: | | |
| DM | 1.6558 | |
| FFr | 5.581 | |
| SFr | 1.52875 | |
| Y | 124.35 | |
| London: | | |
| DM | 1.6545 | (1.6535) |
| FFr | 5.595 | (5.5875) |
| SFr | 1.5265 | (1.5925) |
| Y | 124.35 | (124.55) |
| $ Index | 67.2 | (67.5) |
| Tokyo close Y 124.73 | | |

**For customer service and other general enquiries call:**

Frankfurt
(69) 15685150

# Assorted jets for sale in Ukraine arms bazaar

By Chrystia Freeland in Kharkov

MR EVGENI BLINKOV sits at his desk crowded with western-made computers, fax machines and telephones, negotiating with three buyers.

He is offering for sale what brokers believe is the most extensive array of Soviet-made military hardware to be sold by private dealers.

Mr Blinkov is director of the Ukrainian-Siberian Commodities Exchange which used to sell commodities such as oil and grain. These days, the exchange has fallen on hard times, which is why it has had to turn to less conventional merchandise.

One buyer is from the Americas, another from Europe and there is a mystery purchaser from within the former Soviet Union (but ostensibly representing foreign interests).

Yesterday Mr Blinkov's list of wares included new Sukhoi Su-27 fighter jets (one careful owner) offered for a mere $31m (£20.5m) each or, for the budget-conscious, the more modest Su-25 model at $11.9m. Twenty-seven older Mig-27s are also available for $18m apiece. For naval powers, there are two new diesel-powered submarines, going for between $130m and $150m each. Buyers interested in shooting down aircraft can purchase a Zenith anti-aircraft system for $65m.

"If this sale is successful, then I think we can expect to receive further offers," Mr Blinkov said. "There are 15 former Soviet republics and all of them have weapons." He said that an agent from the Baltic republics had already contacted the exchange with a request to arrange another arms sale. "For us, the more buyers, the better," Mr Blinkov said. "I think we will be able to sell all of the weapons."

The only conditions of sale are that the weapons should be sold outside the Commonwealth of Independent States, that the buyer be licensed within his own country to deal in arms and that the buyer present proof of his ability to pay.

However, Mr Blinkov admits: "I, of course, do not care who the buyers actually represent."

"This is enough to arm an entire nation," a promotional leaflet cheerfully proclaims about the hardware on offer. Officials at the exchange say more than $2bn worth of weapons are up for sale.

The arms sale in Kharkov, which will accept bids until the end of the month and has already conducted two smaller arms trades, is just one sign of the growing availability of sophisticated Soviet military hardware to private buyers.

A few smaller-scale arms sales have

Continued on Page 22

### Ministers will be able to float radical ideas

# Spending review to examine basis of welfare state

By Ralph Atkins and Peter Norman

THE GOVERNMENT'S planned review of public spending priorities will look at all principles of the welfare state – however politically sacred – Whitehall officials said yesterday.

Mr Michael Portillo, the Treasury chief secretary, is expected to launch soon, probably next week, the most fundamental reassessment of spending in areas such as state benefits, health and housing since the early 1980s.

Ministers will be able to float radical ideas – such as the proposal gaining attention in Westminster for "contracting out" unemployment benefit for many workers to private insurance.

Conservative manifesto commitments on preserving universal child benefit and the basic state pension could also be rethought by the next election. Pledges will be honoured until then, however.

"It is an exercise in good house-keeping, asking awkward questions and looking for value for money," said one Treasury aide. "The unthinkable can be thought – but that doesn't mean you are going to do anything about it."

Mr Gordon Brown, Labour's Treasury spokesman, last night warned that the Tories were in danger of provoking "a wave of anger" throughout the country if promises made in 1992 "become the betrayals of 1993".

Mr Portillo will hope that the announcement will help restore the confidence of financial markets in government economic policy. Public sector borrowing is widely forecast to reach £50bn in the next financial year and rise even higher in subsequent years, severely curbing the scope for tax cuts and perhaps forcing tax increases.

Government work contracts criticised ....................Page 4
Tory party sheds staff to curb debt ....................Page 5

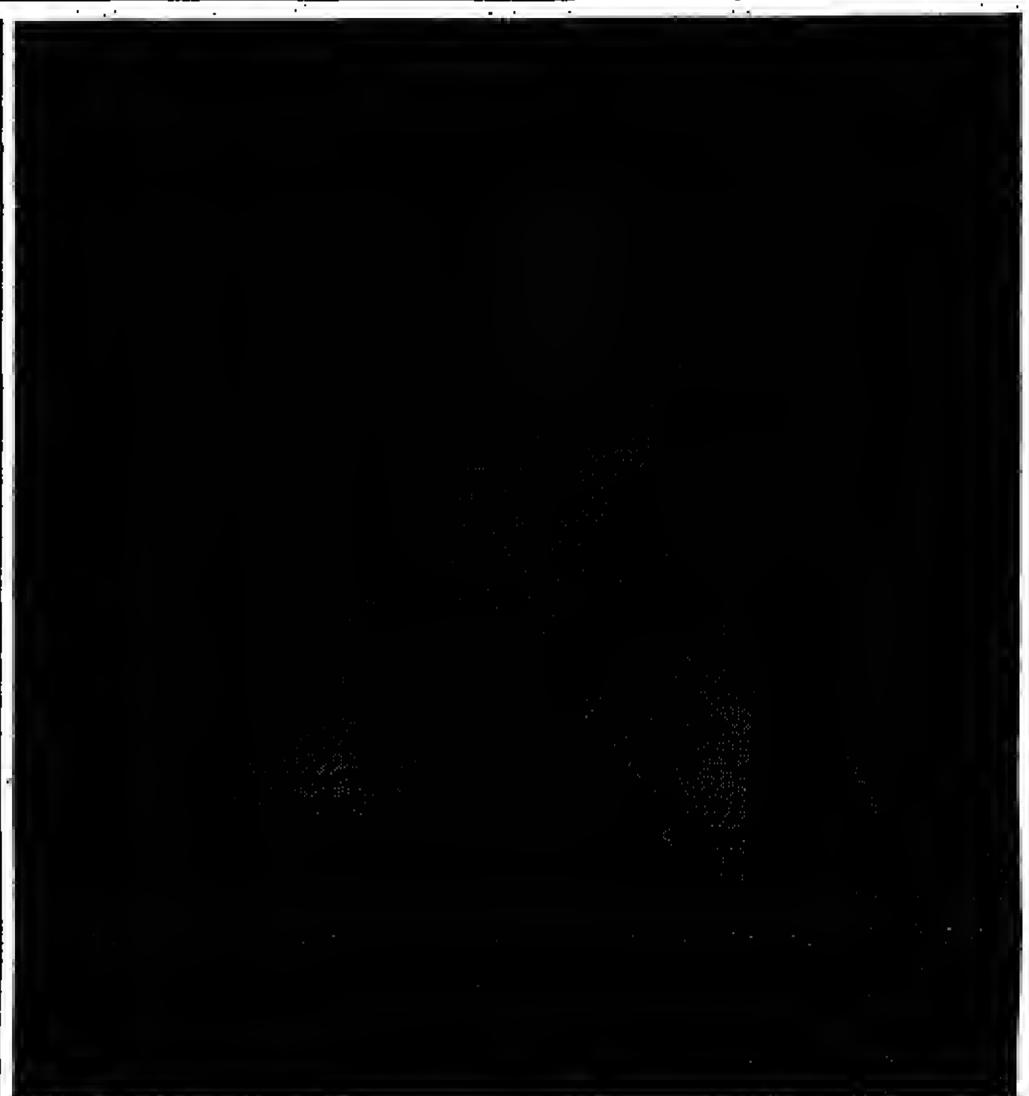
Eventually the review, expected to last the life of the current parliament, will cover all Whitehall departments but Mr Portillo will focus initially on the biggest spenders in a series of bilateral meetings with ministerial colleagues.

Mr Peter Lilley, social security secretary, has said he is prepared to listen to all ideas – although his department is at present preoccupied with legislation to equalise male and female retirement ages and on pension regulation. The social security budget has grown by a quarter in real terms over the past eight years. Contributory benefits, such as unemployment benefit, are likely areas for study, along with fast-growing or expensive benefits such as disability payments and child benefit.

Unlike the last review under Sir Geoffrey (now Lord) Howe, the former chancellor, after the 1979 general election, there will be no target in terms of expenditure cuts but the aim will be to keep downward pressure on public spending. The Treasury believes many areas of government spending have been largely ignored over the last decade.

Last year Mr Norman Lamont, the chancellor, ended the system of negotiating public spending bilaterally with departments in favour of a system in which a "control total" is agreed by cabinet in advance – and then spending plans trimmed to fit. The review is a logical development of that process, the Treasury believes.

Since the Conservatives came to power in 1979, health spending in real terms has risen 56 per cent, transport spending by 28 per cent, law and order by 96 per cent and education by 25.5 per cent. Spending on housing has fallen in real terms but, at £6bn, is still one of the larger budgets.



## King denies Virgin row led to early departure

LORD KING leaves his last British Airways board meeting to dismiss suggestions he stepped down early as chairman because of the airline's involvement in a "dirty tricks" campaign against Virgin Atlantic.

Lord King, who is 75 and was yesterday elected BA president for an initial three-year term, told waiting journalists: "I have not resigned. If you want to make what is a very happy and proper occasion for our board into something different, go ahead."

He said running BA had been the "crowning achievement" of his working life but that he was going in order to end uncertainty and speculation over BA's future leadership. He said BA had "a great team, a united and strong board. We've got a proud company". Further details, Page 8; Man in the News, Page 6; Lex, Page 22. Picture: Tony Andrews

# Heseltine questions surfeit of accountants

By Ralph Atkins and Andrew Jack

MR Michael Heseltine last night took a swipe at Britain's propensity to produce accountants and lawyers – rather than encouraging craftsmen or technicians in the wealth-creating manufacturing industry.

"There is more to life than financial accounts," the trade and industry secretary told the Scottish branch of the Institute of Directors in Edinburgh.

Wealth creation meant encouraging engineers and scientists as well as entrepreneurs, he said. "I wonder, however, whether the UK economy has got the balance right, between the teeth and tail of wealth creation. And among those offering support services I would include, for example, accountants and lawyers."

The comments from Mr Heseltine, who failed his final accountancy exams, brought a response of weary indignation from Britain's beancounters, who have long laboured under the reputation of being boring and unimaginative.

He said: "In the UK we train

Continued on Page 22

# Bonn and Paris 'now considering fast track to Emu'

By Lionel Barber in Brussels

FRANCE and Germany are ready to step up monetary co-operation, including the possible fixing of the franc-D-Mark rate, if the exchange rate mechanism is threatened with collapse, according to a growing consensus in Brussels.

Senior diplomats from France, Germany, Britain and other EC member states have come round to the view that a Franco-German initiative is inevitable if instability in the foreign exchange markets leaves the survival of the ERM in doubt.

The Bundesbank's decision to shave half a percentage point off the Lombard rate and a quarter point off the discount rate helped to relieve tensions in the ERM on Thursday. But EC officials are looking for at least one full point off the discount rate within three months to revive the European economy and bolster confidence in the ERM as the vehicle to European monetary union.

Reports that France and Germany have drawn up plans for a "fast-track" mova to monetary union have been circulating in Europe for several months, only to be denied vigorously in Paris and Bonn. Mr Helmut Schlesinger, Bundesbank President, dismissed the idea last week as incompatible with the Maastricht treaty.

But instability inside the ERM – and fears about a devaluation of the franc against the D-Mark – have persuaded a growing number of diplomats and officials in Brussels that a "fast-track" to Emu is now a serious political option which would be justified as saving the ERM and Emu.

A senior French official in Brussels yesterday raised the prospect of an inner group of "hard-core" currency countries moving to "something resembling monetary union" outside the Maastricht treaty.

The official said the emergence of a "fast track" grouping would most likely take the form of a fixing of exchange rates, not a single European currency.

Even such a move would pose political difficulties, notably how to keep the door open for EC countries with weaker currencies such as Spain with the peseta. The most serious obstacle lies in the Bundesbank's long-standing scepticism about Emu and a sin-

Continued on Page 22



## CONTENTS



Austria Sch30; Bahrain Din1.000; Bermuda $1.65; Belgium BFr60; China Fec 13.0; Canada ...; Hong Kong HK$16; Hungary Ft162; Iceland IKR180; India Rup40; Indonesia Rp3,800; Israel ...; Morocco Dh11.00; Nigeria Naira20.00; Netherlands Fl3.75; Norway Nkr16.00; Oman OR1...; Spain Pta200; Sri Lanka Rup30; Sweden SKr15.00; Switzerland SFr3.20; Taiwan NT$65; ...

 LONDON · PARIS · FRANKFURT · NEW YORK · TOKYO

# Bundesbank hails German pay deal

By Quentin Peel in Bonn

THE Bundesbank yesterday welcomed the 3 per cent public sector pay deal between the government and unions as a step in the right direction.

Mr Hans Tietmeyer, Bundesbank vice president, said many Germans still had to adjust to the changed economic situation since German unification. "It is indisputable that our country is now living beyond its means," he said.

The deal was struck hours after the Bundesbank announced a surprise cut in interest rates in an attempt to ease pressures on the economy and tensions in the European exchange rate mechanism.

"It is even better news for the economy than the Bundesbank decision," said Mr Dieter Vogel, government spokesman.

But further evidence of the depth of the recession came with a sharp rise in unemployment in both east and west. Joblessness rose by 10 per cent across the country, up 232,200 in the west to 2.258m, and up 93,600 in the east to 1.194m – or almost 3.5m unemployed in the united economy.

The unemployment rate now stands at 7.4 per cent in the west, from 6.1 per cent a year ago, and 14.7 per cent in the east – without including about 1.8m more workers in the east on job creation and retraining programmes.

The pay deal, struck late on Thursday night between the major public sector unions and the government, will affect 2.3m workers. It will be backdated to January 1 and is in line with the more optimistic expectations of economic observers. It could save a further DM3.7bn (£1.5bn) from public spending at all levels in 1993, according to the Finance Ministry.

In a television interview last night, Chancellor Helmut Kohl said he expected the next pay negotiations for 1.85m white-collar civil servants to be settled at "well under 3 per cent".

At the cabinet meeting, summoned to consider the gloomy annual economic report, which forecasts a decline in gross domestic product of up to 1 per cent, Mr Helmut Schlesinger, president of the Bundesbank, warned against excessive pessimism. He said the economy was facing a "cyclical downturn after 10 years of steady growth". As for the public sector pay deal, he said it was the "beginning of a change for the better" in pay policy.

In a separate speech, Mr Tietmeyer dismissed criticism that the Bundesbank move was either too premature – coming before any agreement in the government's promised solidarity pact – or too little, too late.

Stressing the bank's moves not simply to cut its discount rate by 0.25 percentage points, and the Lombard rate by 0.5 points, but also to relax its minimum reserve requirements, he said the decisions were a reaction to "the changed internal and worldwide economic conditions, without endangering our stabilisation course... This was a necessary decision which neither changes nor endangers the fundamental policy of [monetary] stability."

Mr Tietmeyer gave firm support to the government's proposed savings package, while stressing that changes could be made, if they did not reduce the total volume of savings in the programme. It is intended to reduce public-sector spending by some DM20bn a year by 1995.

"Monetary policy cannot indefinitely compensate for the necessary adjustment in the public sector, without causing great damage both to our economy and to our partners in the European Monetary System," he warned.

# Clinton sees end to gridlock

## President's first law was an easy one, reports George Graham

PRESIDENT Bill Clinton signed his first act of Congress into law yesterday, in a ceremony that he and his supporters said signalled an end to the gridlock that has pitted a Republican White House against a Democratic Congress for the past 12 years.

"Today marks the end of gridlock and a new beginning," said Vice-President Al Gore at a signing ceremony in the White House Rose Garden.

The Family Leave Act, which will require companies with more than 50 employees to allow workers up to 12 weeks of unpaid leave for the birth of a child or to take care of a sick relative, was twice vetoed by President George Bush.

Washington gridlock, however, may prove harder to kill. The act was relatively uncontroversial, supported by a quarter of the Republicans in Congress; its impact on business is expected to be slight, as most people work for companies which are either too small to be covered by the law or already offer similar leave.

"This one was a very easy one. It's going to get a lot tougher when we get into health care and budget matters," said Sen Christopher Bond of Missouri, a leading Republican supporter of the family leave bill.

Mr Clinton and his wife, who is in charge of the administration's healthcare reform project, have spent the past two weeks massaging Congress in a way that some observers say recalls President Lyndon Johnson.

The passage of the act shows the new administration may be able to win Republican support for some of its agenda – despite efforts by some Republicans to booby-trap the bill by linking it to Mr Clinton's controversial efforts to end the ban on homosexuals in the armed services.

Under the Senate's procedural rules, which are very protective of the rights of the minority, the 41 Republican senators ought to be able to block any bill they object to. In practice, however, there are few issues on which they will vote as a party.

Democrats, however, are no more likely to respect the party whip, and some of Mr Clinton's toughest opposition may come from conservatives in his own party, such as Senator Sam Nunn, who has already made Mr Clinton dilute his position on gays in the armed forces, and may withhold support from his economic plans if they do not include a convincing assault on the budget deficit.

President Clinton gestures while waiting to sign the Family Leave Act at the White House yesterday

# Milken judge set for top job in Justice

By George Graham in Washington

PRESIDENT Bill Clinton is reported to have selected Judge Kimba Wood to be attorney general, subject to final checks by the Federal Bureau of Investigation to make sure she does not create the same kind of problems that forced his first choice for the position, Ms Zoe Baird, to withdraw.

Ms Wood, a 49 year old antitrust lawyer who has been a federal district judge in New York since 1988, is best known for presiding over the trial of Mr Michael Milken, Drexel Burnham Lambert's junk bond specialist, for securities fraud.

Before becoming a judge, she represented the Lloyd's insurance market as an attorney for the New York firm of LeBoeuf, Lamb, Leiby and MacRae.

Some more senior candidates for the position of attorney general, such as Judge Patricia Wald of the federal appeals court in Washington, have declined to make the move from the bench to the Justice Department.

Officials said Mr Clinton would not announce Ms Wood's nomination until FBI background checks had been completed. The process is being conducted carefully to ensure that no flaws, such as Ms Baird's admission that she had hired an illegal alien as a nanny, emerge during her confirmation hearings.

Although a White House spokesman said the president was angered by leaks of the candidates for the position, other officials indicated that Ms Wood's name, along with those of Mr Charles Ruff, a Washington lawyer, and Mr Gerald Baliles, a former governor of Virginia, was being widely circulated to test for reactions.

# Money market reform is welcomed by banks

By David Waller in Frankfurt

THE long-awaited cut in interest rates which the Bundesbank delivered on Thursday was less important than the accompanying measures to cut reserve requirements and introduce new short-term money-market instruments, a leading member of the German central bank's policy-making council said yesterday.

Playing down the significance of the 0.5 percentage-point cut in the Lombard rate and the 0.25 percentage cut in the discount rate to 9 and 8 per cent respectively, Mr Johann Gaddum said relaxation of minimum reserves and the restructuring of the money market would have profound consequences for the German financial industry.

Mr Gaddum said the measures would help the competitive position of the German banking community. It has long complained about the reserve requirement which meant that for every DM100 (£41.60) taken as a customer deposit, between DM4.15 and DM12 had to be lodged interest-free with the Bundesbank.

Under the new measures the Bundesbank has cut reserve requirements on time deposits and savings deposits from an average of 4.5 per cent to 2 per cent. Luxembourg, Belgium, Denmark and the Netherlands have *no reserve requirements*. They are just 1 per cent in France on most types of deposits and 0.35 per cent in the UK.

Mr Hermann Remsperger, chief economist at the BHF-Bank in Frankfurt, said the relaxation of reserve requirements was a "tremendous" measure of support for the German financial services industry. He said that upwards of DM200bn (£83.3bn) in the European money markets could in future be deposited in the German banking system.

Mr Hans-Georg Engel, vice-president of J.P. Morgan in Germany and president of the Association of Foreign Banks in Germany, said the move was "an enormous step".

Shares in German banks rose strongly yesterday, helping to send the DAX index of 30 leading shares up 39.76 points to its year's high of 1,641.37, up 2.5 per cent. Deutsche Bank shares rose 5 per cent, Commerzbank's 4.5 per cent and Dresdner Bank's 5.7 per cent.

This in part reflected the interest rate cut. But investors were also encouraged by the belief that the reserve relaxation could be a substantial tonic to banks' profits, as they will get interest on DM32bn of deposits currently lodged interest-free at the Bundesbank.

Stock markets, Page 18

# Cost of borrowing falls in France, Sweden and Ireland

By Alice Rawsthorn in Paris, Tim Coona in Dublin and Christopher Brown-Humes in Stockholm

FRANCE, Ireland and Sweden yesterday took advantage of Thursday's German interest rate cuts to ease their own cost of borrowing.

The Bank of France yesterday made a slight reduction in its overnight lending facility, to try to alleviate the financial pressure on the French banks and defuse the threat of a rise in base rates.

The cut in the overnight rate – from 11.9375 per cent to 11.625 per cent – was the second reduction in French short-term rates within a week.

It was part of the central bank's efforts to cut the borrowing costs of the commercial banks,, which have been hit hard by the discrepancy between market rates and their own base rates, which have been held at 10 per cent since mid-December.

Despite yesterday's cut in overnight rates, economists are sceptical about the chances of a significant reduction in French official interest rates until German rates have come down further and the Bank of France has had time to replenish its reserves, run down last month during its battle to protect the franc.

Tensions in the Dublin financial markets also eased yesterday as Ireland's Central Bank restored its short-term lending facility of 13.75 per cent, thereby cutting its minimum lending rate by a quarter of a point.

The STF is the peg by which the banks and building societies fix their commercial lending and mortgage rates. It was suspended last November, however, and replaced by an overnight advance facility which was used by the Central Bank as its main weapon to defend the punt against speculative attacks during the currency crisis.

Its restoration is a signal thet liquidity and stability are returning to the Dublin market. The key one-month rate on the interbank market was down to 14 per cent yesterday, which tha building societies have been saying is the level to which it must fall if mortgage rate increases are to be avoided.

In Stockholm the Swedish Riksbank, the country's central bank, lowered its key marginal overnight lending rate to 9.75 per cent from 10.5 per cent, with effect from February 9. The marginal interest rate has now fallen by 2.75 percentage points since Sweden floated the krona in November.

SHAPE OF VEHICLES TO COME

# $50m US plan for natural gas car

By John Griffiths

A $50m development programme that could lead to the first US production of cars powered solely by natural gas has been launched jointly by Ford, a Californian utility and the Chicago-based Gas Research Institute. Another $23m (£15.2m) is being spent on a similar programme for vans and pick-up trucks.

A fleet of 50 cars, adaptations of Ford's Crown Victoria model, are to undergo trials during a three-year evaluation programme in the US and Canada, during which several other utilities will also monitor the vehicles' operating costs, reliability and other data.

Provided the cars are shown to have competitive operating costs and no reliability drawbacks, there is a potential market of many thousands of vehicles a year from the mid-1990s, as the federal Clean Air Act and individual state legislation clamp down on car exhaust emissions.

Natural gas is potentially one of the cleanest "alternative" fuels and it is claimed that initial tests of vehicles in the programme have shown emissions within California's requirement for ultra-low-emission cars, which starts in 1998.

Under the Clean Air Act, federal and state governments are requiring fleets of 10 or more vehicles operating in the 22 most polluted US cities to begin phasing in very low emission cars, reaching 50 per cent of all fleet vehicles purchased by 1999.

While there is already a sizeable market for converting cars to run on either petrol or natural gas, both in the US and Europe, the Ford vehicles will have engine and other components made to take full advantage of the fuel's emissions and energy characteristics.

The Gas Research Institute and Southern California Gas are contributing $11.5m to the project, with SoCalGas providing the main fuelling infrastructure. It plans to open 51 refuelling stations by the end of this year, which will also cater to converted vehicles.

BMW has developed a small city car for urban commuting (*pictured left*), which could go into production in the second half of the 1990s in a radical departure from its traditional product policy, writes Kevin Done.

The German producer of high-performance executive and luxury cars plans to unveil a concept city car, code-named Z13, at the Geneva motor show next month, upstaging its arch domestic rival Mercedes-Benz, which last week said it planned to develop such a car for the late 1990s.

The BMW city car has been designed and developed for a "single" driver travelling alone in city traffic. The driver would sit in the middle of the car with a central steering wheel, but with two full-sized seats for possible passengers seated half behind the driver in a clover-leaf formation.

The planned city car is powered by a 1.1-litre BMW motorcycle engine mounted at the rear with a continuously variable automatic transmission.

At just over 11 ft it would be smaller than current small cars, such as the Ford Fiesta or the Renault Clio, but would have a top speed of 112 mph and fuel consumption of 47-56 miles per gallon.

The car would have an aluminium frame and aluminium panels, and despite its small size BMW said it could include an airbag, air-conditioning, a mobile telephone, a computer controlled navigation system and a mobile fax machine.

The Z13 is a further sign that German luxury carmakers are urgently seeking to move into new segments of the world car market.

# Tudjman confident ahead of Croat polls

By Laura Silber in Zagreb

RIDING high on the first Croat military victory over the Serbs in a disputed enclave, President Franjo Tudjman of Croatia is poised to tighten his lock on power in tomorrow's district elections.

Clashes between Serb and Croat forces in Krajina, the self-styled Serb state, yesterday appeared to ease after an upsurge of violence on Thursday.

Mr Tudjman and his Croatian Democratic Union look set to reap the rewards of the 14-day offensive when some 3m voters cast ballots for the upper house of the Croatian parliament.

The Croat push across UN lines into the Serbian enclave helped Mr Tudjman to silence any criticism from the opposition that he has been soft on Serb rebels who in 1991 proclaimed their own state within Croatia. It also served to jeopardise tha year-long UN peace plan which ended the eight-month Serbo-Croat war that killed some 20,000 people.

The npper housa has only limited power to override the house of representatives.

Meanwhile in the Adriatic, western warships policing s trade embargo on Yugoslavia – now comprising Serbia and Montenegro – yesterday intercepted a Croatian vessel which said it was loaded with explosives. A UN arms embargo, imposed nearly two years ago on the former Yugoslavia – including Croatia – has been widely violated.



# Traumatic week for modest Dutch

## Troubles at DAF, Fokker and KLM have hit home hard, reports David Brown

THE perpetually-modest Dutch are disinclined to seek the limelight. But, during a traumatic week for the economy, they have been thrust into international prominence.

Three of the Netherlands' corporate heavyweights – DAF, the truck maker, Fokker, the aircraft company, and KLM, the national airline – have been battered by adversity.

This well-managed, free-trading economy, running a large trade surplus and tipped as a likely winner from the EC's single market, is now worrying about the future.

"All in all, it was an awful week," says Mr Be van der Weg, leader of the FNV industrial union. "It highlighted our international vulnerability, and created an awareness that there is more restructuring to come."

On Tuesday, DAF, the last remnant of Dutch ambition in the European motor industry, announced financial collapse and sought protection from creditors in the Netherlands, Belgium and the UK.

The following day, it was Fokker's turn. The troubled aeroplane manufacturer confirmed reports that it is seeking a state bank loan of up to Fl1bn (£4.1bn) as its liquidity position worsened.

On Thursday, KLM turned in a massive loss, was forced to cancel Fl750m in new aircraft orders and announced another round of rationalisation.

Despite the strength of multinational giants such as Royal Dutch Shell, Unilever and the chemicals specialist Akzo, the country's industrial course is now a matter of concern.

On Monday, Philips, the country's leading electronics company, shelved plans to introduce a European-standard high-dafinition television (HDTV) on which it had pinned recovery hopes.

Over the past three years, Philips has cut its workforce by about 50,000. Amid flat demand for its electronic products, this has had little effect on overall performance.

Dutch business culture, sometimes unwilling to anticipate change, had little influence on the basic factors behind this week's events. DAF, Fokker, and KLM are all suffering from changes in global industrial demand.

Nor is the country's industrial policy entirely at fault. Tha Dutch government *has mixed pragmatism with expediency* in recent years – privatising whare possible, intervening with limited aid where practicable and productive.

But, in a gloomy economic environment, the Netherlands is seeking ways of combining relatively high labour costs and commitment to free markets with measures to gain international comparative advantage.

While its expertise in agri-business, transport and the *entrepot* business has stood it in good stead, these are hardly the vigorous industries of the future. The country needs to finance education and infrastructure, as well as to stimulate high technology, amid budgetary constraints caused by slower growth.

One important influence has been the recession in Germany, by far the Netherlands' most important trading partner. The Netherlands' latitude in monetary affairs, as a senior Dutch central bank official acknowledges, is "severely restricted".

This year industrial investment is expected to fall 4 per cent, according to tha CBS statistics bureau. This contrasts sharply with industry's own forecast of 5 per cent growth, released as late as last summer.

The EC's latest economic forecasts see Dutch GDP expanding by only 0.6 per cent in 1993. This is still ahead of Germany, but well below accustomed rates of around 2 per cent in recent years.

At present, one in seven of Dutch workers are employed by a loss-making company. In 1993, the percentage will grow to one in four, predicts the VNO industry federation.

"These are alarming figures," says Mr Evert Elbertse, a VNO economist. "Our ideal European landscape has always been one of *laissez faire*. But when we look around, this is not what we see."

Pressures for more interventionist government policies are on the rise.

On the high street, too, the atmosphere has changed. Fluorescent "Special Clearance" signs shine from shop windows, as the traditional January sales drift into the second week of February.

While several industrial sectors, including base chemicals and metals, face further difficulties, some of the gloom is exaggerated. There is a chance, for example, that parts of DAF will emerge from the salvage operation in a sufficiently attractive form to woo a foreign buyer. But it seems likely the Dutch will not have to wait much longer for more examples of a transition into a less secure industrial future.

The Financial Times (Europe) Ltd Published by The Financial Times (Europe) GmbH, Frankfurt Branch, Nibelungenplatz 3, 6000 Frankfurt-am-Main 1: Telephone 49 69 156850; Fax 49 69 5964481; Telex 416193. Represented by E. Hugo, Managing Director. Printer: DVM GmbH-Hürriyet International, 6078 Neu-Isenburg 4. Responsible editor: Richard Lambert, Financial Times, Number One Southwark Bridge, London SE1 9HL. The Financial Times Ltd, 1993.

Registered office: Number One, Southwark Bridge, London SE1 9HL. Company incorporated under the laws of England and Wales. Chairman: D.E.P. Palmer. Main shareholders: The Financial Times Limited, The Financial News Limited. Publishing director: J. Rolley, 168 Rue de Rivoli, 75044 Paris Cedex 01. Tel: (01) 4297 0621; Fax: (01) 4297 0629. Editor: Richard Lambert. Printer: SA Nord Eclair, 15/21 Rue de Caire, 59100 Roubaix Cedex 1. ISSN: ISSN 1148-2753. Commission Paritaire No 67808D.

Financial Times (Scandinavia) Vimmelskaftet 42A, DK-1161 Copenhagen-K, Denmark. Telephone (33) 13 44 41. Fax (33) 935335.

# Rise and rise of Japan's trade surplus

By Robert Thomson in Tokyo

JAPAN'S current account surplus rose 61 per cent last year to a record $117hn (£77.4bn) prompting the government to suggest it may further stimulate the economy in an attempt to increase demand for imports and cut the highly sensitive trade surplus.

Tokyo fears the trade surplus, up 28 per cent to $132bn, will draw criticism from the new US administration, which has indicated a tougher approach to the trade deficit with Japan.

Exports rose 7.9 per cent and imports fell 2.6 per cent over the year, as domestic demand fell with the slowing of the economy. The finance ministry blamed the increase in exports on a stronger yen, but the figure also reflected a shift to higher value-added exports and the sustained international demand for Japanese quality.

For the month of December, the current account surplus was 10.4 per cent higher at $11.45bn, a record for the month and the 21st consecutive month of year-on-year increases. The trade surplus for the month rose 3.6 per cent to $13.08bn.

Balance of payments figures for the year showed that foreigners' net purchases of Japanese stocks were $8.5bn, compared to $45.2bn in the previous year, suggesting that international investors have yet to regain confidence in the Tokyo stock market.

However, Jspanese investors were net sellers of $3bn in foreign stocks, against net purchases of $3.6bn in 1991. The turnaround highlights the retreat of Japaoese money from international equity markets, though Japanese net purchases of foreign bonds were $35.6bn, down from $68.2bn in the previous year.

The long-term capital account showed a deficit of $28.07bn for the year, compared to a surplus of $37.06bn in 1991, while the overall halance of payments had a surplus of $71.60bn, declining from the $76.37bn recorded in the previous year.

Mr Mamoru Ozaki, the vice finance minister, said Japen did not deserve criticism from trading partners because "we are not flooding other countries with exports" and destabilising the world economy. He said the reduction in the official discount rate from 3.25 per cent to 2.5 per ceot on Thursday should rekindle economic growth.

But ministry officials admitted that the surplus will remain large for at least this year, as a recovery in the economy is unlikely before the second half.

# Finance ministers of G7 to meet soon

By Peter Normnn, Economics Editor

FINANCE ministers from the Group of Seven leading industrial countries are to meet soon, probably in London or Bonn.

The meeting is likely late this month or early March, with the February 27-28 weekend a strong possibility.

Mr Lloyd Bentsen, the new US treasury secretary, has pressed for a meeting before the next scheduled G7 gathering, at the end of April.

Mr Norman Lamont, the UK chancellor, is also keen for ministers to meet to discuss ways of boosting activity in the world economy. The bleak ontlook in Japan and Europe is casting a shadow over the US npturn. The problems of Russia would probably be on the agenda.

The meeting would allow Mr Bentsen and Mr Yoshiro Hayashi, the new Japanese finance minister, to meet other members of the group.

The finance ministers' meeting would not be concerned with preparations for the next economic summit of G7 leaders from the US, Japan, Germany, Britain, France, Canada and Italy, which will be held in Tokyo from July 7 to 9.

## Russia space offer

The head of Russia's space agency said yesterday he was willing to agree with the US and Europe a Russian quota of three commercial satellite launches a year, out of a world market of 15 to 16 launches a year, Leyla Boulton writes from Moscow. Mr Yuri Koptiev said this would generate badly-needed income of $200m a year. This indicates he would raise prices to western levels, to assuage fears of low-price iannches by Russia's Proton rocket.

## UN backs Kuwait

The UN Security Council yesterday approved plsns to deploy 750 UN troops on the Knwaiti border with Iraq following several incidents last month, Michael Littlejohns writes from New York. They replace 350 unarmed observers.

## Finnish decline

Finland's economy shrank 3.5 per cent in 1992, the second year of decline, following the collapse of trade with the former Soviet Union and recession in other export markets, Christopher Brown-Humes writes from Stockholm.

# BNL HQ 'knew of Iraq scandal'

By Alan Friedman in New York

SIX separate intelligence reports that were widely distrihuted inside the Bush administration suggested that the Rome headquarters of the Banca Nazionale del Lavoro (BNL) knew of billions of dollars of militarily-useful loans made to Iraq hy BNL's Atlanta hranch, according to a Senate report published yesterday.

The 160-page study hy the Senate Intelligence Committee says that among the CIA reports – issued hetween August 1989 and February 1991 – one concluded that "managers st BNL headquarters in Rome were involved in the scandal".

The Senats report also reveals that none of the relevant CIA information was provided to Department of Justice officials involved in the BNL case, nor to the local prosecutors in Atlanta.

The prosecution of Mr Christopher Drogoul, ths former BNL Atlanta manager, is based on the premise that Rome was the victim of the scandal and that no one in BNL Rome had any knowledge of $5bn of clandestine Iraqi loans from Atlanta. A new BNL trial is expected next autumn.

The Senats committee hlames the failure on "breakdowns in the relationship between intelligence agencies and lsw enforcement, comhined with serious errors of judgment hy government officials." It says this resulted in a "highly misleading" statement hy the CIA last year about its information on the BNL case.

Senator Howard Metzenbaum, an Ohio Democrat who is a senior member of the Senate Intelligence Committee, said a special prosecutor was still needed to investigate the BNL loans scandal, which has been dubbed "Iraqgate" in the US media. Mr Metzenhaum criticised the report as "too narrow" because it was confined to what the CIA did with intelligence information.

The report, which makes recommendations on how to improve the use of intelligence information in lsw snforcement cases, also discloses that the CIA became aware in December 1987 that Matrix-Churchill, the UK machine tools company then owned by Iraqi interests, was acting as an Iraqi front company. It was not until September 1989 that the CIA obtained information linking BNL-Atlanta to the Iraqi procurement network and reported it, the report says.

An Angolan guard in Luhango, where residents said hundreds of unarmed Unita supporters were massacred last month

# Battle to sell fighters to Malaysia

By Kiaran Cooke in Kuala Lumpur

LEADING US executives are making a last ditch effort to persuade Malaysia to huy US fighter aircraft.

McDonnell Douglas, led by Mr John McDonnell, the company's chief,is in Kuala Lumpur trying to persuade Malaysia to huy F/A-18 multi-role fighters while General Dynamics is trying to sell its F-16 fighters.

Executives from Northrop as well as officials from the Pentagon and US air force were also involved in discussions with the Malaysian defence ministry and air force.

The other contender for sales of up to $850m is the Commonwealth of Independent States' Mig-29. The purchase of up to 30 Migs may be imminent.

This week Malaysia signed a memorandum of understanding with India on defence co-operation. indis has been using Migs for several years and has offered Malaysia maintenance and training support.

US officials here insist that the Mig is inferior to both US made fighters. But the CIS is believed to be willing to sell up to date avionics with its fighters, whereas the US is not.

# Mexico denial on contract

By Damian Fraser in Mexico City

MEXICAN authorities have ruled that there were no irregularities in the awarding of a $21m (£13.9m) air traffic control system to Thomson of France and Alenia of Italy.

The awarding of the contract infuriated US and Canadian multinationals, Raytheon Canada, IBM International Air Traffic, and Calmaquip (acting for Westinghouse).

They believed that their original offers had been disqualified unjustifiably, and that Thomson's technology was not in operation elsewhere, and thus did not comply with the specifications in the second tender.

But Mexico's General Comptroller of the Federation has still to release the report by the Canadian company Martin Marietta on the evaluation of the contract, which is being demanded by the US and Canadian companies. They consider the report necessary to assess the Comptroller's ruling.

The Comptroller briefed diplomats on where the bidding companies were not compliant with the specifications on the first tender, and said that it was not necessary that a winning bidder have its technology fully operational elsewhere.

Mexico's ministry of transport and communication said it would seek damages against IBM over allegations hy its agent, Dr Kaveh Moussavi, that he was asked to pay a $1m bribe to secure the contract. IBM Mexico dissassociated itself on television news from Dr Moussavi's claims.

Dr Moussavi says he informed IBM in the US of the incident on November 9 – ten days before the first tender offer was cancelled – and that an internal record exists of his report.

# Patchy recovery for steel industry

By William Dawkins in Paris

THE recession-hit world steel industry can expect to see slow and patchy recovery, the Organisation for Economic Co-operation and Development (OECD) forecast yesterday.

Overall output and consumption should rise slightly this year, reversing two years of decline, according to the OECD's steel outlook for 1993. It forecasts a 0.5 per cent rise in OECD-wide production this year, a significant turoround from a 3 per cent per cent fall in 1992. It forsees an even sharper improvement in consumption to 1.5 per cent from a 3.4 per cent fall in 1992. Capacity was almost unchanged last year but will fall in 1993 thanks to cuts hy several European steel makers.

The OECD thinks demand might rise sharply in the North American motor industry, thanks to the upturn in consumer spending in the region, and in construction in the US, Australia and Japan, helped hy a rise in public infrastructure spending there. Demand for consumer durables and domestic appliances should also rise, especially in the US. Housing starts should rise in North America, Australia and Japan.

By contrast, the OECD predicts that European Community steel demand will fall by 2.5 per cent because of the low growth expected in the EC.

Stocks have been run down over the past year and US anti-dumping duties will be n factor in curbing European steel production. This, plus the recovery in US domeatic steel demand should depress EC steel trade with the US by 3.5 per cent this year, says the report.

Japanese steel demand should also fall slightly, mainly due to falling sales to manufacturing industry.

**MEXICO will impose countervailing dnties of up to 39 per cent on $116m (£76.8m) of steel exports from six US companies, after alleging the steel products were being dumped on the Mexican market, writes Damian Fraser in Mexico City.**

**The measures come ten days after the US imposed duties on steel from 18 countries, including $80m of exports from Mexico.**

Figures between third and fourth quarter show 10% decline in company failures

# Personal insolvencies up 44%

By Andrew Jack

THE NUMBER of personal insolvencies jumped 44 per cent to 36,794 last year compared with 1991, said government figures yesterday.

In a further indication of the effects of the recession on the British economy, company insolvencies grew 12 per cent during the year to 24,424.

That meant 2.6 per cent of active companies became insolvent in the final quarter of last year, compared with 2.3 per cent in the same period of 1991.

The figures showed a seasonally adjusted decline of 10 per cent in company insolvencies between the third and fourth quarters last year.

Mr Richard Brown of the British Chambers of Commerce, which produces the statistics for the Department of Trade and Industry, said: "It is good news that the figures have gone down in the largest quarterly fall for five years."

But he warned against drawing optimistic conclusions from the short-term downward trend. "We are not becoming too sanguine," he said. "This may reflect the banks taking something of a more realistic attitude." He said he was pessimistic given that less than one in five manufacturing companies and one in ten service companies were working to full capacity.

He said the rate of insolvencies typically rose during economic recovery as companies suffered a shortage of working capital which their bankers did not make good.

Seasonally-adjusted personal insolvencies rose 4 per cent to 9,795, compared with 9,391 in the third quarter of 1992, and up 25 per cent from 7,831 in the final quarter of 1991.

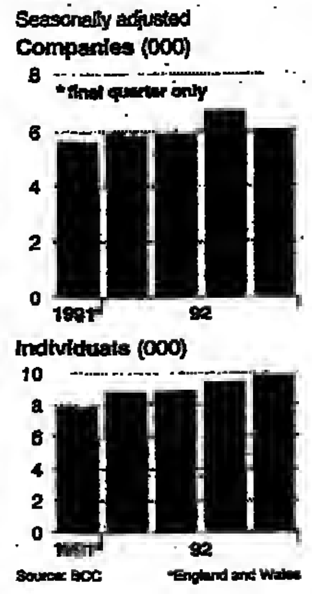
Separate statistics released yesterday by the Lord Chancellors' Office showed a substantial rise for the full year for corporate winding-up and personal bankruptcy petitions.

Debtor petitions to the courts – presented by individuals rather than their creditors – leapt by nearly two-thirds during the year. Creditors' petitions rose 22 per cent and company winding-up petitions grew 2 per cent.

The petitions are not directly comparable with the Chambers of Commerce insolvency statistics because not all petitions are granted by the courts, and there is a delay before they are reflected in recorded insolvencies. The figures for the final quarter of 1992 were all up on the final quarter of 1991. Company winding up petitions rose slightly from 4,112 to 4,121 between the periods.

Creditors' petitions rose 16 per cent from 6,322 to 7,339 between the final quarters of last year and the year before, while debtors' petitions jumped 42 per cent from 2,911 to 4,140.

Insolvency practitioners have attributed the rise in debtor petitions to the declining stigma attached to bankruptcy during the present recession.




# Teachers to ballot on test boycott

By Andrew Adonis

TEACHERS in England and Wales yesterday neared outright conflict with the government over controversial national curriculum tests.

The executive of the NASUWT, the second largest teachers' union, voted to ballot its 127,000 members on a boycott of all tests this year. The tests are due to be sat by seven and 14 year olds in state schools from April.

The union will seek next Tuesday the support of the other three teachers' unions. All have expressed serious reservations about this year's tests for 14 year olds, which are to be compulsory for the first time.

The tests in English, set to take place in June, have caused particular controversy. The last of the prescribed texts have only recently been received by schools, and sample questions have still to reach many teachers. Teachers say this has left insufficient time to prepare pupils.

There is also widespread opposition to the publication of test results, which may lead to school league tables like those issued by the government for this year's tests for seven year olds.

Mr Nigel de Gruchy, NASUWT general secretary, said: "Teachers know their pupils are being used by the government. They know that the tests have not been properly piloted, that set texts have been announced piecemeal after the year has begun and spending decisions have been made."

Of the other unions, the National Union of Teachers, the largest, is most likely to join the NASUWT in pressing for a boycott.

An NUT survey of teachers involved in the English tests, released earlier this week, showed nine out 10 respondents in favour of a boycott.

Baroness Blatch, schools minister, described claims that the tests had not been properly prepared as "ridiculous"; and pointed to pilots "involving hundreds of schools and thousands of pupils" over the past 2½ years.

Mr de Gruchy said the boycott would "definitely go ahead" if he secured a "clear-cut majority". It would probably start in April but possible courses of government action are unclear – particularly when education authorities, headteachers and governors are all sympathetic.

Despite threatened boycotts, the introduction of tests for seven year olds in 1991 proceeded without disruption.

Mr de Gruchy said his union was not opposed to "sensible testing and assessment", and hoped Mr John Patten, education secretary, would think again and "engage in genuine consultation" over the tests.

A GROUP of headteachers has set up the National Coordinating Committee on Learning and Assessment to campaign on the issue of pupil testing in England and Wales, Bethan Hutton writes.

Mr David Martin, headmaster of Chenderit School in Middleton Cheney, Northamptonshire, organised the committee after headteachers in the county recommended that schools should not proceed with testing, and received approaches from other areas where similar decisions had been taken.

"It is a groundswell," he said, adding that members were united by the strength of their feelings on the subject, not by any union affiliation.

# A company town recalls glorious past

**Richard Donkin** reports on the impact of the Daf collapse

PHOTOGRAPHS and mementoes of a lifetime in engineering decorate the walls of a small bedroom which is part office, part glory hole at the home of Mr Les Southworth, a former director at Leyland Motors.

Mr Southworth, who belongs to a long line of boardroom engineers at Leyland, is recalling the day in 1965 when Sir Donald Stokes, managing director at the time, decided to present a gold watch to everyone who had more than 25 years service with the company.

"They had to hire the Winter Gardens at Blackpool. There were 1,750 workers from the Leyland and Chorley factories who qualified. Many had 30 or 40 years service.

"People at Leyland had pride and spirit in their work. They still do. They have accepted new working practices. Production levels are equal to any in Europe and vehicles are coming off the lines with zero defects," he says.

The town gave its name to the company. Many of the townspeople gave their working lives. Mr Southworth almost ran out of fingers counting his family connections in the company. "I worked at Leyland, my son worked there, my brother did, daughter-in-law, uncle and nephew," he said. "They all worked there but they're all gone now."

They left the company as it shrank during the 1980s. Doors have been closing on Leyland's factory floors since the early 1960s when 12,500 people were employed locally.

Once many workers were bussed in from surrounding areas. Today the employment pattern is reversed as increasing numbers of Leyland people commute to adjoining areas.

The threat to the remaining 2,500 jobs at the Leyland Daf plants in the town, with a possible 7,000 more due to knock-on factors, is exacerbating an erosion of local trade that has happened throughout the past decade.

The demise of Leyland is not so much the death of a town as the end of a way of life where a community lived, worked and shopped around the main employers. In its heyday, the truck company exerted a powerful influence in Leyland.

Roads such as Churchill, Cromwell and Centurion were named after the battle tanks that were built there and Leyland people retain a strong emotional attachment to the company.

According to South Ribble Borough Council, Leyland is far from dying. It is in Lancashire's wealthiest borough, topping a league table based on information gleaned from census returns.

The town of 36,000 is to the north-west of the traditional Lancashire industrial belt. Beyond the urban centre is rich farmland with a strong tradition of market gardening. The town did have a textile industry, but its centre never fitted the smokestack-and-cobblestone image of a Lancashire cotton town.

Three industries dominated the town after the second world war – trucks, paint and rubber manufacturing. All have declined, consolidated or moved operations to the peripheries of the town. Today a third of South Ribble's workforce is employed at seven companies.

Only last week the town had been heartened by the news that British Aerospace, which employs about 3,500 people in the borough, had secured Tornado aircraft orders for Saudi Arabia. Threatened job cuts at the Royal Ordnance works at nearby Chorley are unlikely to improve employment prospects, although the unemployment rate in Leyland has stayed below national averages even at the worst of times.

However, the jobless trend is worrying the council. By November 1993 it was running at 6.8 per cent, up from 3.6 per cent in June 1990 – a trend which worries the council.

Mr Jim Breakell, the mayor, is a staunch supporter of the plant. He says it is far removed from the pre-Daf merger days of industrial strife.

"I don't believe the government is looking at it with an entrepreneurial eye," says Mr Breakell, who believes a financial lifebelt from the government would make economic sense.

He criticised some of the "camouflage, facelift schemes" in industrial areas which he said left little to show for the outlay. He said: "They put money into short-term things that don't do the economy any long-term good.

"Garden festivals, of which Mr Heseltine is proud, might make living conditions a bit brighter but they don't create permanent jobs."

● About 5,000 demonstrators marched from the Leyland Daf assembly plant in Leyland to the town centre yesterday in support of 2,200 local employees whose jobs are at risk.


*Show of support: many people in Leyland directly depend on the truck plant for their livelihood*

# Council seeks to to save van plant

By Paul Cheeseright, Midlands Correspondent

BIRMINGHAM City Council is trying to turn local expressions of support for Leyland Daf's operations at Washwood Heath into a scheme that would secure the future of the long-established van production plant.

Council officials plan to meet the local Leyland Daf management on Tuesday. The officials said they had stated their interests when they saw the administrative receivers Mr John Talbot and Mr Murdoch McKillop of accountants Arthur Andersen.

"Tremendous support locally has been gathering about the future of this business," said Mr Will Rogers, head of the council's investment services. He cited dealers, suppliers and organisations such as the Birmingham Chamber of Commerce, Birmingham Heartlands Development Corporation and the West Midlands Development Agency.

"We have to establish the facts, what the realistic options are and how we can translate this support into action," Mr Rogers added.

He also noted that the council had in the past supported management buy-outs and had taken a minority interest in them. A management buy-out has already been proposed for the Leyland Daf plant at Leyland, Lancashire.

The West Midlands Development Agency, responsible for securing inward investment, is interested in assisting any potential overseas buyer. The council yesterday cited a land purchase it made for Leyland Daf in 1988 as an indication of its willingness to support a new owner for the plant.

Leyland Daf employs about 2,000 people at Washwood Heath, a site for automotive production since before the second world war. The plant originally made Wolseley cars and switched gradually to van production after the war.

# Unions likely to fight pits plan

By Robert Taylor, Labour Correspondent

BRITISH Coal's demands for sweeping changes in working practices to save many of the 31 pits threatened with closure look set to antagonise mining unions.

The corporation wants flexible working time, involving longer shifts and weekend working. It favours extending the shift system used at the Asfordby pit in Leicestershire. That involves a six-day working week incorporating three seven and a half hour shifts, with crews working 45 hours a week for three weeks followed by one week off.

This would end overtime working. At present shifts longer than seven and a quarter hours underground and eight hours on the surface are voluntary. The legal restraint was repealed last year, but has not yet become effective.

British Coal also wants a revision of the 1954 Mines and Quarries Act to enable more effective response to technological innovation in mines without lowering safety standards.

The corporation hopes to end the joint consultation system in the pits and wants to be able to impose compulsory redundancies. It is also calling for multi-skill training to allow electrical and mechanical engineers and miners to become more versatile.

The National Union of Mineworkers is opposed to changes in work organisation. Its delegate conference on Thursday rejected unanimously the corporation's aims.

# US duties on British steel plate attacked

By Ivor Owen, Parliamentary Correspondent

US ACTION to impose heavy anti-dumping duties on British exports of steel plate was "unwarranted and wholly disproportionate," Mr Richard Needham, trade minister, said yesterday.

He said the provisional 109.22 per cent levy was in addition to the earlier duties imposed on UK exports of plate and bar.

Mr Needham told the Commons: "To penalise genuinely privatised companies which have not received subsidies for over six years is unfair and economically unsound."

He said the action had been initiated by the "highly protected US steel industry" and would not help efforts to secure an international settlement in the multilateral steel agreement negotiations.

# Private housing starts down 10%

By Andrew Taylor, Construction Correspondent

THE number of new homes started by private housebuilders last year fell to the lowest level for more than a decade, according to figures published yesterday by the Environment Department.

Private housing starts fell by a further 10 per cent last year to just under 121,000, compared with a peak of 221,000 private starts in 1988.

The latest decline in private sector starts was partially offset last year by an increase in new construction by housing associations, which the government expects to take over from local authorities the responsibility for providing rented accommodation for poor and disadvantaged people.

The department says the number of new housing starts made by associations jumped by 50 per cent last year from 21,600 to 32,600 – more than double the number of starts by associations in 1988. Over the same period tha number of starts made by local authorities fell by more than three-quarters from 16,300 to 2,700 last year.

Overall the number of private and public sector housing starts declined from 160,500 in 1991 to 156,300 last year.

The latest figures from the department have been published as signs emerged that house sales have atarted to recover after the low reached last autumn during the sterling crisis.

Building societies, estate agents and house builders have reported a marked improvement in mortgage applications from offers to buy and enquiries from potential purchasers since just before Christmas, although this has still to flow through in increased construction of homes.

The department said private sector starts during the final three months of last year were 5 per cent lower than during the previous three months.

# Oil tanker operators endorse new code

By Bronwen Maddox, Environment Correspondent

OIL TANKER operators yesterday welcomed new proposals to keep tankers further from sensitive UK coastlines, but warned that freight rates could rise and it would be hard to find safe new shipping routes.

The oil industry has agreed with the Department of Transport to draw up a voluntary code to ban tankers from some coastal waters including the Fair Isle Strait near the Shetland Islands, where the tanker Braer was wrecked last month.

Also covered are the Scilly Isles, the Minches between Scotland's west coast and the Outer Hebrides, and the Pentland Firth between Scotland and Orkney. The new routes will be endorsed in May.

One oil industry representative who attended this week's meeting with the DoT said "there was not a lot of resistance to the proposals – the industry would rather do this on a voluntary basis than have regulation slapped on it".

● Waters up to 500m around the wreck of the Braer were declared a prohibited area yesterday.

The DoT made an order nnder the Protection of Wrecks Act 1973 designating the remains of the ship a dangerous wreck.

# The Economist chooses nine as prime number

by William Hall

NINE OF Britain's brightest rising media stars have gone into serious training. Over the next month they will do battle for one of the biggest jobs in their trade – editor of The Economist, the world's most influential business weekly.

The shortlist of candidates will be interviewed on March 4. But a wrong word at the interview, and the chance of editing the 150-year-old weekly could be lost.

Past performance suggests that the job is a reliable springboard for ambitious types intent on making their mark in business life.

Rupert Pennant-Rea, 45, the current editor, has been appointed deputy governor of the Bank of England. His predecessor, Andrew Knight, is UK chairman of Mr Rupert Murdoch's newspaper empire.

All the current candidates, with the exception of Matt Ridley, work for the magazine and the majority are in their forties – Frances Cairncrose, Nico Colchester, Johnny Grimond, Jim Rohwer and Mike Elliott. Bill Emmott, Clive Crook and Daniel Franklin are 37, and Ridley turns 35 on Sunday.

The shortlist includes several with powerful connections. Johnny Grimond, the magazine's foreign editor, is heir to Lord Grimond, the former Liberal leader, and Matt Ridley is the eldest son of Viscount Ridley. Both went to Eton. Frances Cairncross, the environment editor, is daughter of Sir Alec Cairncross, a former head of the government economic service and married to Hamish McRae, associate editor of The Independent.

The final selection will be made on March 9 by The Economist's board of directors, led by Sir John Harvey-Jones.

# Government Tec contracts aim to cut training time

By Lisa Wood, Labour Staff

NEW contracts being proposed by the governmeot to Training and Enterprise Councils aim to cut the length of training for the long-term unemployed while demanding more are placed in jobs.

The Department of Employment contracts relate to Training for Work, to be launched in April, drawing together Employment Training, the training scheme for people out of work for more than six months, with Employment Actioo, a work experience scheme that offers participants £10 a week on top of their benefits.

Tecs, the employer-led bodies which deliver government training schames in England and Wales, say the government is seeking to impose contracts rather than negotiate. They say they will be forced to "cream-off" those people most likely to get work or qualifications.

The contracts bope to cut training time from 26 weeks to 14 weeks and increase the percentage of funding related to individuals going into employment or higher education.

The output related element varies from Tec to Tec, averaging around 20 per cent. The department wants to raise this to about 40 per cent.

Mr Rodney Skidmore, chief executive of Redditch-based Centec said the proposed contracts would give Tecs less scope to offer people work on community projects, which seemed to conflict with the government's thinking on increasing access to community work.

# Bugging to be curbed in press code

THE newspaper industry yesterday added a clause to its code of practice to limit the use of eavesdropping equipment and the recording of private telephone calls, Raymond Snoddy writes.

The clause says journalists should not obtain or publish material "obtained by using clandestine listening devices or by intercepting private telephone calls" unless justified by the public interest.

Public interest is defined as detecting or exposing crime or serious misdemeanor and seriously anti-social conduct; protecting public health and safety; and preventing the public being misled by statements or actions of an individual or organisation.

## Major demands compensation

THE prime minister is demanding "substantial" compensation from New Statesman & Society and Scallywag magazines over articles linking him with caterer Ms Clare Latimer, both publications said yesterday.

Mr Major's lawyers said he rejected a full-page apology published in this week's edition of New Statesman & Society, adding that it did not go far enough.

Bank tells officials that customers give consent

# Barclays escapes action over data

By John Gapper, Banking Correspondent

THE office of the Data Protection Registrar yesterday said it had no immediate plan to take legal action against Barclays Bank over the bank's policy of putting personal and account details of new customers on a central database.

The announcement followed a meeting between officials and senior legal advisers of the bank over Barclays' insistence that all new customers give consent for its subsidiaries to heve access to account details for marketing purposes.

Mr John Lamidey, the assistant data protection registrar with responsibility for financial services, said the office had no immediate intention of seeking an enforcement order against the bank under the 1984 Data Protection Act.

However, Mr Lamidey said he would raise his concerns over with the British Bankers' Association, and might produce guidance for banks on the methods they could use to persuade customers to give consent for the use of data.

Barclays said that it had been assured that the registrar was not contemplating action against the bank, and that it was neither breaking the Data Protection Act nor the banks' code of practice for personal customers.

It said it would in future have bilateral discussions with the registrar to ensure that it complied with the act and the code of practice in its policy on internal disclosure of personal data held on computers.

The bank said it had previously sought approval from the data protection registrar for clauses in application forms for its prodncts such as Barclaycard credit card saying that customers would have to give consent for the use of data.

However, it wanted to ensure that its future policy on the use of customer data was approved by the registrar. It would also comply with any future guidance on consent issued through the British Bankers' Association.

The meeting was arranged this week after Mr Lamidey expressed public concern that banks might be evading their code of practice and breaking the act by insisting that new customers gave consent for internal disclosure of data.

The code of banking practice, which was introduced by the banks last March, says that customers should give consent for their bank to disclose details of accounts to third parties, even if the third party is a subsidiary of the bank.

However, banks are keen to gain permission for the internal disclosure of information because their subsidiaries selling products such as life insurance want to to market products to bank customers who are most likely to buy them.

Banks are currently reviewing rules on the confidentiality of customer information in a British Bankers' Association working party. The association promoted the establishment of a voluntary code of practice last year.

# Labour will consider elected mayors

By Andrew Adonis

THE Labour party is to examine the case for elected mayors of councils, and its leadership has accepted the principle of the council tax and compulsory competitive tendering for local services, after strenuously opposing both.

Mr Jack Straw, shadow local government minister, announced the policy shifts as Labour councillors met in Bournemouth for their annual conference.

Mr Michael Howard, environment secretary, hailed them as "the latest humiliating climbdown by Labour." Although Mr Straw limited his acceptance of compulsory tendering to blue-collar services such as refuse collection, his announcement will be controversial among Labour councils and local government unions, who wish to protect direct labour organisations. At the last general election Labour proposed to abolish both compulsory tendering and the council tax.

In an interview published in yesterday'e Tribune magazine, Mr Straw said: "There is wide acceptance thet the division between contractor and provider that compulsory competitive tendering has produced has been sensible. It has meant that in areas of basic services there are now clear definitions of what services should be provided."

On the council tax, he said: "The underlying principle of council tax is OK – it's a property tax. But some of the practice is bad. We'll be working out how it can be changed so that it becomes mnch more like what we wanted in the fair rates system."

Addressing the conference, Mr Straw emphasised that "the model council should be an enabling council", aiming to "help people to organise for themselves".

Although he said that he was "not in favour of following the Tories' agenda", hitherto the case for both competitive tendering and "enabling councils" – as opposed to councils directly providing services – has been argued mainly by the Conservatives.

Mr Straw commended "looking at the idea" of elected mayors as a way of giving conncils "a political focus".

He added: "We mnet also look at the idea of having fewer council committees and perhaps fewer councillors, alongside an extension of community and parish councils to the whole country."

Elected mayors were last raised as a serious possibility by Mr Michael Heseltine, on becoming environment secretary in 1990. The cabinet gave no encouragement, with other ministers concerned that they might strengthen local government.

Mr Heseltine got no further than establishing a review of local authority internal management, which is due to report soon.

# Blair points crime finger at the shires

By Ivor Owen, Parliamentary Correspondent

CRIME IS rising more rapidly in the affluent suburbs and shires than in rundown areas under the control of Labour councils, Mr Tony Blair, shadow home secretary, said yesterday.

He accused Mr John Major, the prime minister, of debasing a serious issue by his recent statement that socialism was to blame for inner-city crime.

Mr Blair backed his claim with evidence from 10 police authorities covering areas in East Anglia and the Midlands to the south-west of England showing the rise in burglaries since 1979 when the Conservatives came to office.

Leicester headed the list with a 452 per cent increase, followed by Gloucestershire (444 per cent), with Bedfordshire and Suffolk (both 290 per cent) and Devon and Cornwall (274 per cent).

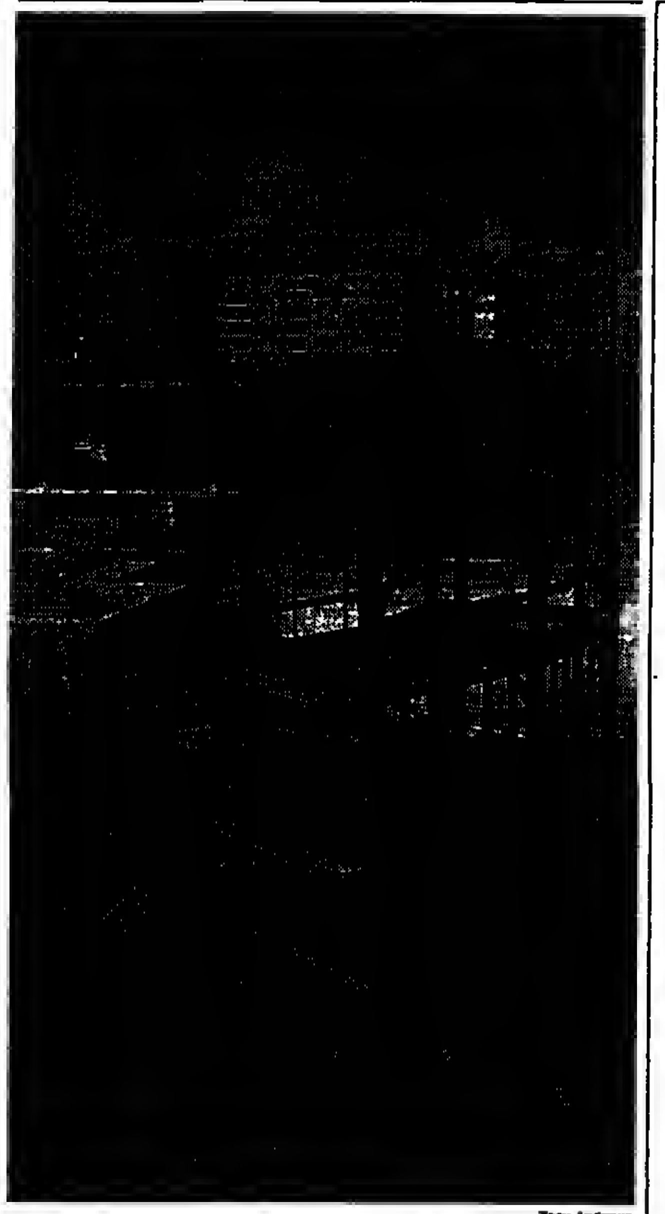
Mr Blair said crime had more than doubled in the 14 years of continuous Conservative government – and had risen by 50 per cent in the past three years. Calling for a fresh approach to combating the crime wave, he refused to accept that in many cases it could be attributed to social deprivation. He said: "Those who commit crimes should be caught and punished. There are no excuses for crime and it is some of the poorest and most vulnerable in our society that suffer its worst effects."

He made clear that Labour would oppose any move by Mr Kenneth Clarke, the home secretary, to replace elected councillore eerving on police authorities with local businessmen. Mr Blair said: "By all means let local businesses and others be involved in policing and policing priorities, but removing a local say through local representatives would be a foolish and regressive step."

Mr Blair was addressing the Labour local government conference in Bournemouth. Mr John Smith, the party leader, will speak tomorrow.

● Britain will become the "environmsntal dustbin of Europe" because the government is making a "bonfire" of "green" rules, Mr Chris Smith, shadow environmental protection spokesman, told the conference. He said offshore oil-drilling regulations were being loosened to speed development regardless of the "green" cost, and the government had signalled its intention to relax air pollution controls and to allow industry to self-monitor its pollution discharges.

"This is alarming in the extreme. It's like telling burglars to police themselves," he said.



Tony Andrews

The second phase of the recreation of Shakespeare'e Globe Theatre on a site near where it stood four centuries ago in Sonthwark, sonth London, is dne to be completed within a month. Funds permitting, it is planned to open in April 1994

# Tory party sheds staff to curb debt

By Ralph Atkins

A SHAKE-UP of Conservative organisation including 61 job losses was announced yesterday by Sir Norman Fowler, the party chairman. The losses will include 42 compulsory redundancies.

The move comes as the party's debts approach £20m and after widespread internal criticism of its management.

Sir Norman'e action followed a rapid increase in spending by the party in the run-up to last year's general election. Conservative MPs, constituencies and staff had complained of weak financial control, no clear lines of authority, a Byzantine management structure, and poor co-ordination and communications.

Mr John Major, the prims minister, said: "We are rationalising, as are many companies around the country."

The deficit is expected to reach £19m this year. Spending last year was £28m compared with an income of £22m. Recent refurbishment of Coneervative Central Office, ordered under the chairmanship of Mr Kenneth Baker, cost about £4m.

Sir Norman, who described the package as "the most comprehensivs set of reforms for the last 60 years", said hs wanted to eliminate the deficit by 1996 and to cut expenditure to £7m this year.

About half the job losses will be at Central Office in London and the rest in area offices. Some staff will leave voluntarily or on early retirement.

By the end of this year the number of employees will bave fallen to 228 from more than 350 at the time of tha general election. Separately, a "board of treasurers" will launch an appeal to tackle the deficit. Ten areas offices will be reduced to six.

However, Sir Norman has not responded to calls from the "Charter Group" within the party which wants more elected posts. He promised to release more financial information but had no specific proposals at this stage.

The main management reform is the setting up of a board of management, chaired by Sir Norman, and bringing together representatives from the parliamentary party, the European parliamentary party, local government and the National Union – which represents the constituency associations.

Sir Norman emphasised how the European party would be drawn closer into the central organisation.

A director-general has already been appointed to the board of management.

Sir Norman wants a greater proportion of funds to come from constituency associations, which account for only about 10 per cent of income. They will have to produce annual reports, but will remain largely autonomous of Central Office.

**FINANCIAL TIMES**

Number One Southwark Bridge, London SE1 9HL
Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700

Saturday February 6 1993

# The right G7 agenda

BE WARNED. Global co-ordination of economic policy, long out of vogue, is back on the agenda. The Clinton administration wants an early meeting of ministers from the Group of Seven industrialised countries to reinvigorate the G7 consultation process. European Commission president Mr Jacques Delors called on Monday for the G7 to put the world back on a growth track. And at the World Economic Forum in Davos, a talk shop for the fat cats of international economics and business, the corridors were abuzz this week with talk of global growth initiatives.

If policy co-ordination is making a comeback, it is not hard to see why. Yesterday's figures for the Japanese current account make the point all too plainly. With the surplus up by more than 60 per cent to a record $117.6bn for 1992, there are justifiable fears that the re-emergence of trade imbalances in the G7 will inflame the protectionist instinct of hawkish elements in the new US administration. Yet experience suggests that G7 initiatives are, to put it kindly, something less than a panacea.

The case for co-ordination rests on increasing economic interdependence. In a typical OECD country, between a quarter and a half of the impact of domestic policy on economic activity falls not at home, but in other economies. Hence the suggestion that a better collective economic outcome can be achieved through co-operative policy setting; and that the perceived loss of sovereignty involved is more apparent than real.

## Perverse results

It sounds sensible enough, but the results have been perverse. The *locus classicus* of such co-ordinated global growthmanship was the Bonn summit in 1978, at which the US called on Germany and Japan to act as locomotives to pull the world towards a faster recovery. The US attacked the Japanese current account surplus – there is nothing new in global economics – and argued that Japan and Germany, with their low inflation and strong external accounts, were failing to do enough to boost global demand. The two surplus countries then embarked on a fiscal expansion, which coincided with the second oil shock. Inflation was the result, especially in hypersensitive Germany, where it topped 5 per cent in 1979 – even higher than its present post-unification level. Despite some benefits, such as the decontrol of US energy prices, the Bonn summit gave co-ordination a bad name.

Subsequent attempts have been less ambitious, but arguably more damaging. In the 1980s the US, with a savings shortage, and Japan with a mirror-image surplus, became interdependent to an unprecedented degree. Seemingly logical policy co-ordination, first in the Plaza accord, then in the Louvre agreement, ended up by imposing an excessively lax monetary policy on Japan. There followed in Tokyo the biggest speculative bubble since 1929. The aftermath threatens to leave Japan with nil or negative growth this year. For its part, the US failed to deliver on its promises to address its structural budget deficit, which now plagues the Clinton administration.

## Monetary strains

In Europe, meantime, the ambitious attempt to turn the semi-fixed exchange rate mechanism into something more rigid has foundered, largely because co-operation was confined to monetary policy and exchange rates. The monetary mixture was incompatible with the loose fiscal policy adopted by Germany after unification. Hence the monetary strains that caused Britain, with a more heavily indebted economy than most other ERM members, to leave the system.

It is possible to be too downbeat about concerted economic action. The early economic summits after the first oil crisis almost certainly helped avert a rapid move to protectionism. But the subsequent lessons suggest that any return to economic co-ordination should focus on limited and attainable objectives.

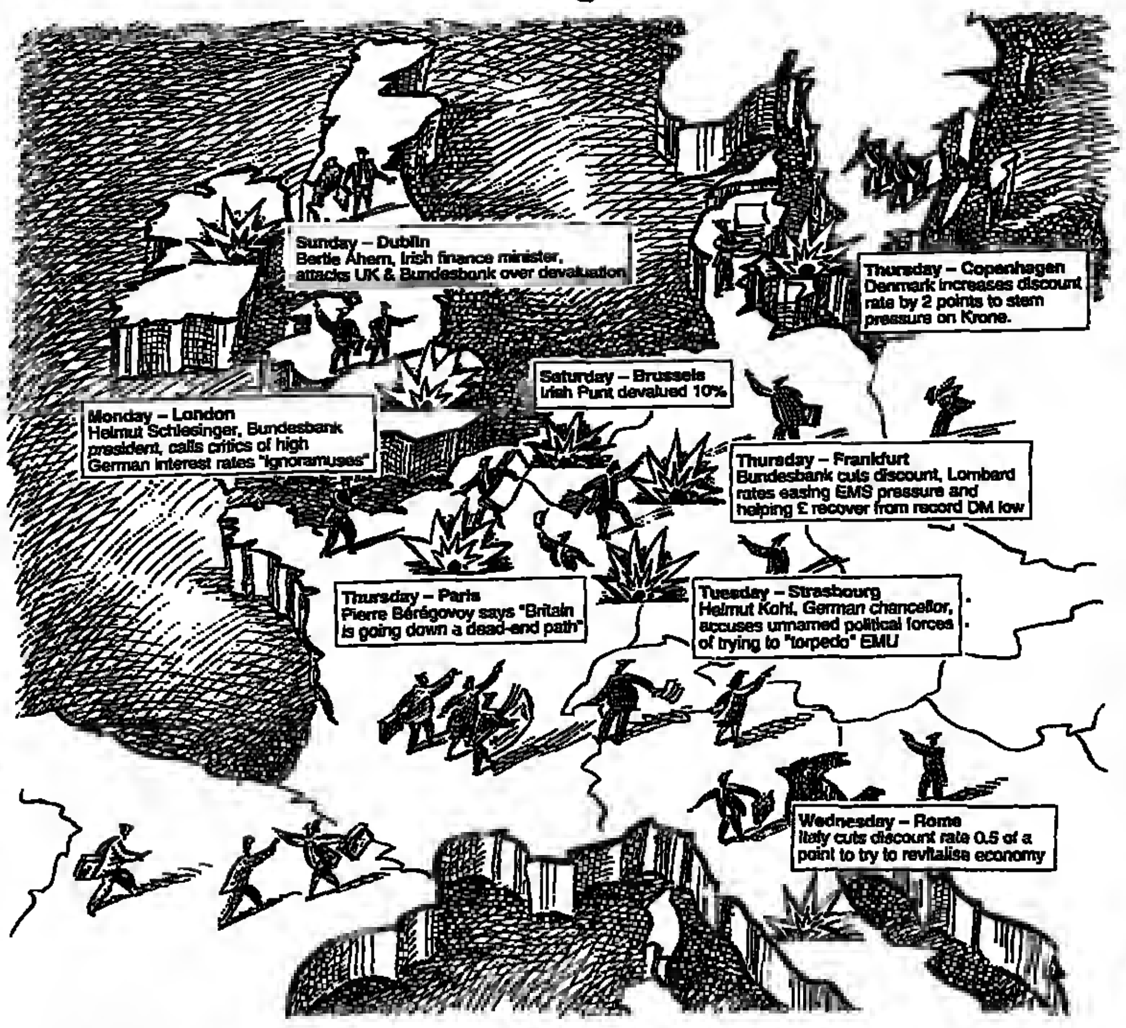
The most important issue on the agenda remains the preservation of the multilateral trading system. The overwhelming priority should be the completion of the Uruguay round. Equally pressing is the stabilisation of the Russian economy, where loans, technical assistance and improved market access need further attention.

But where the big issues of fiscal and monetary policy are concerned, it would be foolish to expect very much. The experience in the ERM amply demonstrates the problems of defining and addressing exchange rate disequilibria. Where fiscal policy is concerned, the Japanese could be excused, after their experience in the late 1980s, for inserting ear plugs before the siren call comes for more co-operative policy-making. Domestic recession is anyway prompting further fiscal and monetary relaxation, which holds the key to reducing the trade surplus.

What is needed from the Clinton administration, before a more ambitious programme is contemplated, is a demonstration that it really does have the will to put its own house in order before jawboning the rest of the world. On past form, that self-denying ordinance seems unlikely to be observed.

A week of acrimony has fuelled doubts about European integration, write **David Marsh** and **Lionel Barber**

# Shoot-out at the currency corral




Even by the crisis-prone standards of Europe's exchange rate mechanism, it has been a week of extraordinary turbulence. As politicians argue about who is to blame, monetary gunsmoke has been swirling through ministries and financial markets across the continent.

Ireland started the acrimony with complaints against the UK and Germany over the punt's devaluation. As the pound slumped in mid-week to record lows, France intensified an anti-British assault – taking aim at the UK's aggressive interest rate cuts and alleged job poaching through "social dumping".

Hostilities subsided on Thursday with the Bundesbank's unexpected interest rate cuts, intended above all to support the franc ahead of next month's French elections. The vote is expected to bring in a right-wing government which might be tempted to sever the franc's D-Mark link as a way of cheapening French credit and regenerating growth. This would torpedo the already-faltering plan in the Maastricht treaty for economic and monetary union (Emu) by the end of the 1990s.

After Mr Helmut Schlesinger, the Bundesbank president, said he hoped domino-like speculation against weaker currencies would cease, calm returned yesterday to the foreign exchanges.

But, following four realignments since September, in which countries accounting for 45 per cent of EC gross national product have devalued or left the ERM, currency unrest is unlikely to have been completely quelled.

The ERM, set up in 1979 as the nucleus of the European Monetary System of stable exchange rates, has become a hotbed of instability. The scale of speculative flows across a continent now freed of exchange controls is bigger than ever before. The inflation-adjusted value of the "hot money" streaming into the D-Mark in September was triple the size of the inflows into Germany generated in 1973 by the break-up of the fixed exchange rate Bretton Woods system. Combined with overall European economic strains caused by the shock of German reunification, the ERM upsets have put the EC on a knife-edge.

Advocates of EC integration fear a breakdown in European economic co-operation, similar to the experience after the 1973 oil price rise. "We are in a crisis," Mr Jacques Delors, the EC Commission president, said on Thursday.

He welcomed the Bundesbank rate cut as a "good political signal". But Mr Delors pointed to the risk that the European recession, aggravated by Germany's fiscal imbalances and high interest rates, could scupper monetary union. "If there is no growth between now and 1997, there will be no Emu," he said.

Mr Henning Christophersen, EC economics commissioner, sounded an implicit warning that "competitive devaluations" could wreck the EC's barrier-free single market which started on January 1.

At least the Bundesbank has now signalled it cares about the ERM's fate. Emu supporters in Brussels are looking for further cuts of at least 1 percentage point in the German discount rate – now at 8 per cent – during the next few months.

Assuming – as seems likely – the system survives the French elections, EC governments and central banks during the next few weeks must make crucial decisions on its future.

There are two main alternatives. The ERM could either revert to its original design of providing no more than a semi-fixed exchange rate framework which would be sporadically adjusted in line with EC economic divergences. Or the Maastricht transition to Emu could be accelerated by the Bonn and Paris governments – creating a "mini-Emu" around a Franco-German core, including the Benelux countries but leaving out Britain and Italy.

The first idea – a return to a more flexible ERM – is favoured by the Bundesbank. Germany's central bank has long been suspicious of the Maastricht Emu plan since it would spell the demise of the D-Mark. Additionally, the Bundesbank argues that the lack of ERM currency realignments between 1987 and 1992 was the main cause of last autumn's upsets.

Indeed, Germany's reunification problems may make a less ambitious ERM inevitable. Because recession has increased budget deficits, most countries, including Germany, are overshooting the Maastricht fiscal targets set as conditions for Emu.

After sterling was forced to quit the ERM in September, Mr John Major, the UK prime minister, announced Britain would not rejoin unless the system's "fault-lines" were reformed. But the Bundesbank's support for a return to the former ERM arrangements is backed by Denmark, whose krone this week has come under heavy speculative attack.

Mr Erik Hoffmeyer, governor of the Danish National Bank, which was forced to increase its discount rate by 2 points on Thursday, says: "We are not advocating reform of the EMS."

Countries running policies which were not in line with stable exchange rates would have to "stick to the rules" of either adjusting these policies or devaluing, Mr Hoffmeyer says. "You cannot wait and wait and wait [for a realignment]. Otherwise, the system explodes."

The second ERM alternative, discussed increasingly in Brussels, is more ambitious. Under this plan, the Bonn and Paris governments could speed up the Maastricht timetable to transform the ERM into Emu – establishing a "mini" monetary union.

Officials in Brussels doubt whether the present ERM, including the French franc, can survive intact until 1997 or 1999 when, under the Maastricht plan, the EC is supposed to make an irrevocable move towards a single currency.

There is a growing belief that the so-called "second stage" of Emu, planned to start next year, is simply too long – an invitation to the foreign exchange markets to attack vulnerable currencies before Emu takes place.

Chancellor Helmut Kohl recently hinted at the possibility of a mini-Emu outside the Maastricht treaty. The idea is fraught with political risk, and has attracted opposition from the Bundesbank.

Nonetheless, there seems to be greater support from French and German politicians. One senior French official in Brussels yesterday predicted that, if the EMS broke down completely, Bonn and Paris would still rescue monetary union. "If the EMS collapsed, I'm sure France and Germany would take an initiative to ensure monetary union. They would be obliged to do it."

Mr Helmut Schmidt, the former West German chancellor, who with French President Valéry Giscard d'Estaing was the chief EMS architect in 1978-79, says he favours a Franco-German "fast track".

"I could imagine Europe going forward with a central bank system and a single currency linking France, the Benelux countries and Germany. This might in time become very attractive for other countries to join – not, in the first place, Britain, but maybe Austria, Switzerland and the Scandinavian countries."

Mr Schmidt, who believes last autumn's currency upheavals could have been avoided if governments had made "timely adjustments", says the "fast track" plan, although desirable, is unlikely.

"I don't give it [the plan] much of a chance. The Bundesbank is against it, as always. They are fighting for the stability of the currency. But they are also fighting to retain their own turf."

Mr Karl Otto Pöhl, former president of the Bundesbank, who resigned in 1991 because of disagreement over the government's reunification policies, also supports a "multi-speed" path to Emu. "A large monetary union [grouping all EC countries] will never come," says Mr Pöhl, now a partner in the Cologne-based Oppenheim bank.

Mr Pöhl, like Mr Schmidt, says he is "under no illusions" over the difficulties of realising a smaller monetary union with a central bank established by Germany, France and the Benelux countries. Late last month, Mr Schlesinger ruled out accelerated monetary union on the grounds that the Maastricht treaty stipulates that Emu cannot start before 1997.

Mr Pöhl says this illustrates the Bundesbank's adroit tactics. Although the central bank opposes the treaty's Emu timetable, Maastricht has also become the "main hurdle" faced by advocates of accelerated Emu, Mr Pöhl points out.

Whatever the difficulties in realising "fast track" Emu, Britain's economic policies since September may have increased the willingness of France, in particular, to countenance European integration without the UK.

For its part, Britain recognises that Franco-German Emu would harm its interests.

Lord Jenkins, EC commission president between 1977 and 1981, says that, from the viewpoint of continental Europe, "there is a lot to be said for the fast speed idea". He adds: "It would cause enormous problems for Britain ... Sterling would be an offshore currency caught between the dollar and the European bloc. We would be more bullyable."

The main factor heightening antipathy towards Britain in Brussels and Paris is suspicion that the UK is practising benign currency neglect in a dash for growth – ignoring the cost for others in the EC. "Britain," says one EC official, "is drifting off into the Atlantic."

Antagonism has been fuelled by the decision by Hoover, the US appliance maker, to close its Dijon plant and shift production to Scotland.

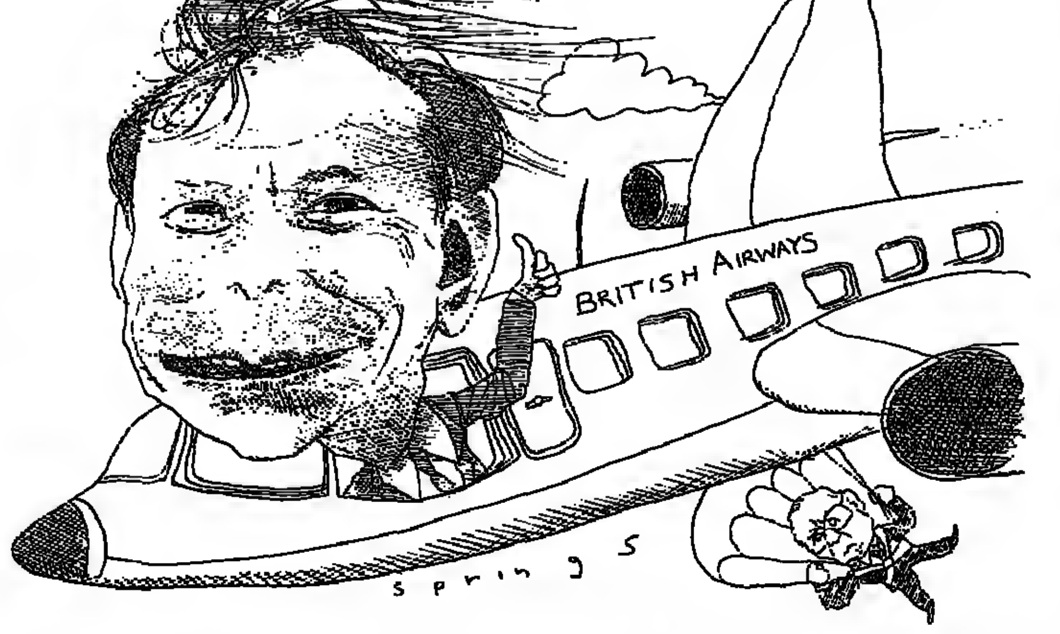
All this has revived complaints in Brussels about Britain's failure to sign the Maastricht social chapter – as well as about the UK delay in ratifying the treaty.

If British MPs performed the unexpected and voted down Maastricht ratification this spring, this would greatly increase the likelihood of a drive to Emu by Paris and Bonn. As the battle for Europe's money rumbles on, the risk that a Maastricht No would strengthen still further Franco-German monetary *entente* must be the factor most likely to guarantee the treaty's passage in the House of Commons.

*MAN IN THE NEWS:* ***Sir Colin Marshall***

# This is your captain speaking . . .

**FT writers** examine the career and character of the next executive chairman of British Airways




Sir Colin Marshall yesterday assumed complete command of the flight deck at British Airways almost 10 years to the day after climbing aboard as first officer. It is the job he has always wanted, though one which, in the final countdown, could have eluded him.

As the "dirty tricks" row with Virgin Atlantic escalated, there seemed a chance that Sir Colin – too often second-in-command in previous jobs – could be deprived of total control as pressure mounted for a separation of the chairman's and chief executive's responsibilities. Having apparently made clear to colleagues his determination to have full executive responsibility, or none at all, he has won the prize and the challenge of leading "the world's favourite airline" into its next, ambitious phase of development.

His victory means that after a decade of loyal allegiance alongside Lord King, who steps down in the wake of the damaging dog-fight with Virgin, the responsibility is finally his. It is one he will relish.

Unlike Lord King, Sir Colin has never been the flamboyant type. The Marshall-King partnership, perceived as a successful duo in the airline industry, will not be repeated now that Mr Robert Ayling becomes group managing director.

Mr Ayling, with initially a legal then civil service background as a former under-secretary at the Department of Trade and Industry, is, if anything, even more understated than Sir Colin.

There will be no doubt about who is in charge. Mr Ayling is more likely to play the role of consiglieri, or chief adviser. His legal experience and familiarity with civil aviation's regulatory background, his DTI background and his willingness to promote bold marketing manoeuvres such as last year's "World's Biggest Offer", confirmed him as front-runner for number two.

If Sir Colin is not a showman he has demonstrated that he is at least a "mucker-in". He looked slightly uncomfortable on the cat-walk last week, surrounded by stewardesses and sun-tanned flight attendants, as he presided over the launch of new uniforms for BA staff.

Up early in the morning and working sometimes an 18-hour day, a stickler for detail, and performing all the necessary public functions to further his airline's cause, Sir Colin is clearly more at ease inside a corporate executive suite than mingling with models.

He is the image of the hard-nosed, US-style businessman. But although he sets high standards, he is also informal and is known throughout the airline as Colin.

Lord King recruited him as chief executive in February 1983. He was plucked from Sears after a recommendation by Mr Miles Broadbent of Norman Broadbent, the headhunters. "Colin has got customer service ingrained into him in the shipping business, in the car business, and working for Sears. Service, service, service, service, that's what he's all about," says Mr Broadbent.

His US corporate experience and concentration on the customer could be one reason why he was considered by American Express to run its travel-related services division two years ago. More recently, he was contacted by Amex and is understood to have sounded out about the job of group chief executive. Executives at the travel and financial services company say he was a leading outside contender for the job, but the Virgin episode is understood to have cast a cloud over his candidacy.

His career had started humbly enough. When he left University College School, Hampstead, Sir Colin joined the Orient Steam Navigation Company as a cadet purser. He became deputy purser of the SS Orsova, voyaging between England and Australia: "like running a big hotel", he said later.

It was in the US, however, that his career took off, when he joined the car rental business of Hertz Corporation in Chicago as assistant to the vice-president of administration. In six years of managing Hertz operations in various parts of the world, the company remained unchallenged as Europe's leading car rental company.

He was to change all that, however, when he was poached by Avis and began to transform its service image. Male staff were given red jackets and badges saying "We Try Harder". Within eight years, under Sir Colin's leadership, Avis passed Hertz in European sales and earnings.

It was during his stint at Avis that Sir Colin forged what was then a valued relationship, but which later at BA became a potential Achilles heal. He prized the qualities of Mr Michael Levin so highly that he brought him in as a personal consultant when he joined BA from Sears.

Mr Levin, who died in late 1991, has been described by some observers as the architect of a new aggressiveness at BA that was ultimately to cost its reputation dearly amid the accusations of "dirty tricks" which led to the Virgin Atlantic fiasco.

One observer went so far as to describe Mr Levin as "the dark side to Colin's moon". If such a dark side exists, some light may soon be shed on this enigmatic figure. He was an avid note taker and his BA files are reported to have been put up for auction by a New York lawyer.

Mr Levin, who once occupied an adjoining office to Sir Colin, was dismissed from BA in late 1989 after a secretary brought a sexual harassment suit in the US. BA eventually settled the $5m court action. His name could have emerged again had the Virgin libel action continued, since it appeared in notes compiled by Mr Branson in his personal notebook. The spectre of his former adviser has proved an irritant not only to Sir Colin, but to other directors, some of whom seem at a loss to explain his apparent influence during his time at BA.

Leaving aside the legacy of Levin's management style and the Virgin debacle – and it is far from clear yet whether BA has put both behind it – Sir Colin needs to restore morale quickly. BA is currently engaged on several international fronts, pursuing its globalisation strategy as well as having to cope with the current airline industry recession.

Global expansion has been the second phase of Sir Colin's overall strategy. The first priority when he joined Lord King was to transform BA's essentially engineering and operational culture into a market-driven one.

The real problem with BA, he once wrote, was that the airline "had forgotten that it was a service industry". One of the first things he did at BA was to put everyone, starting with himself, through customer service training. "He leads by example," observed one former BA consultant.

While taking a lead among European carriers in restructuring the airline, with sweeping job cuts and strong emphasis on holding down costs, Sir Colin sought to tailor its operations to its different markets.

With retailing experience gleaned as deputy chief executive of Sears, the company he joined after Avis, he brought the concept of branding to BA with the launch of products like Club World and Club Europe. The emphasis was on detail. "One of the most important tasks in any service business is to keep the shine on the product day in and day out," he once said.

With BA transformed from the airline universally known as "Bloody Awful" to what is generally acknowledged as one of the world's most efficient airlines, Sir Colin turned his attention to forging international partnerships and investments.

BA's record in this respect has met with mixed fortunes, winning stakes in some airlines, like Qantas, but failing to buy into operators like KLM and Sabena. It now believes it has clinched a USAir partnership despite some US opposition to the deal.

Though fiercely ambitious, Sir Colin is quietly spoken, controls his emotions and rarely gives anything away. He is a tough negotiator with a knack for remembering people's names. Those who work with him describe him as "a very straight man who plays it down the middle".

He is essentially a private man who keeps his family life separate from that of his business, though his daughter, Joanna, did gain her pilot's licence at the BA flying school.

Away from work, he is also a sports enthusiast, fond of tennis and ski-ing and a supporter of Arsenal football club. Surprisingly, for a man born and educated in London, he retains a love of Rugby League, the gritty northern professional game, that he developed while spending time with his father in Wigan.

Back in the boardroom, the quest is on for a restoration of normality. The board acted swiftly yesterday to secure the succession of Lord King, and to put into place checks and balances to ensure further misdemeanours are avoided or rooted out.

In the meantime, peace talks between BA and Virgin continue, and both sides hope for an early and successful conclusion. Another falling-out could spell more trouble, with Virgin pursuing in the US and European courts its allegations of unfair treatment at BA's hands.

Virgin was not the first airline to feel the hot breath of BA. It happened to Sir Freddie Laker, who was compensated in the courts in 1985 only after his business collapsed in 1982.

The lesson was not lost on Mr Branson when Sir Freddie warned him: "For God's sake sue them before they put you out of business rather than afterwards." Though some people might have forgotten the Sky Train battle, Mr Branson has not. He christened one of his aircraft the Spirit of Sir Freddie. He will invoke that spirit to haunt Sir Colin wherever he can.

*Report by Richard Donkin, Paul Betts and Michael Cassell*

# Farewell to the fire sale

**Sterling's fall is shifting the balance of power between US and UK consumers, write Guy de Jonquières and Michael Skapinker**

When Richard McBrien, a London freelance author, published Buying Direct from the USA last June, it seemed a guaranteed best-seller. The booklet told British consumers how they could order by mail from the US products from jeans to computer software for two-thirds or less of the price at home – even after carriage, excise taxes and Vat.

But the publication's popularity proved short-lived. After sterling fell out of the European exchange rate mechanism in the autumn, sales – which had been as high as 200 copies a day – dwindled rapidly. Although Mr McBrien still gets some inquiries, most concern items unobtainable in Britain, such as spare parts for American classic cars.

For British tourists and shoppers, the great American fire sale is over. Since its 1992 peak of $2.004 in early September, the pound has lost almost 30 per cent of its value against the dollar, largely erasing the differential in transatlantic prices which last year turned the US into a vast bargain basement.

Yet, though the US no longer offers outstanding value, it is still far from prohibitively expensive. An FT survey this week of a sample of goods and services found that, at a working exchange rate of $1.45 to the pound, relatively few cost much more in New York than in London – and many were still cheaper.

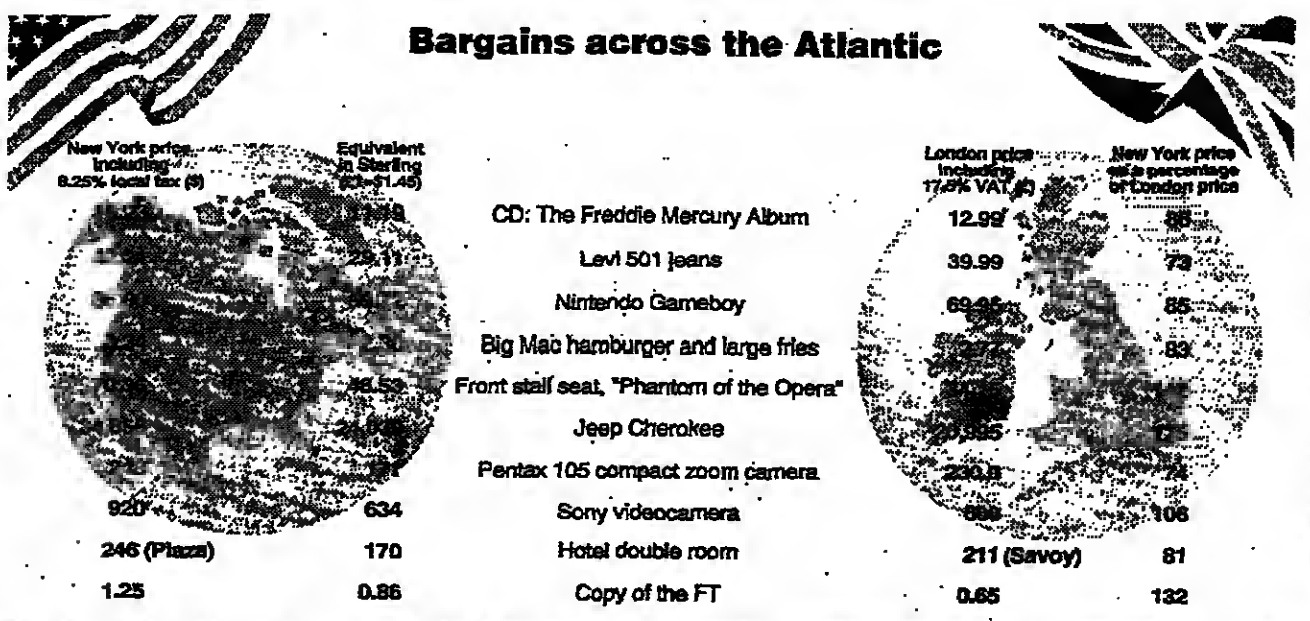
Compared with a similar survey last July, among the most striking shifts in London's favour were car prices. The list price of a Japanese-made Toyota Lexus luxury saloon, which eight months ago was 29 per cent less in New York (including taxes), is 8 per cent higher there today. The US-made Jeep Cherokee, recently launched in the UK, costs 15 per cent more on its home turf.

**Sex with Madonna (the book) can be had in London for barely two-thirds its New York price**

Sex with Madonna (the book) can be had in London for barely two-thirds its New York price, while those with more orthodox tastes in popular entertainment can make a similar-sized saving between the two cities on a front-stalls ticket for Phantom of the Opera. A Sony videocamera, which cost 39 per cent less than in London in July, is now priced at 6 per cent more – though the US version is, admittedly, a newer model.

However, recently issued compact discs are still about a sixth cheaper in New York, as are Nintendo Gameboys. A Japanese-made Pentax zoom camera sells for a third less than in Britain, and the difference in the price of Levi Strauss jeans is even bigger.

Such savings may no longer be enough to tempt shoppers across the Atlantic. But unless sterling plunges much further, living costs for British visitors should still be affordable once they get there – even on Manhattan, probably the most expensive destination in the US.




At $3.34, a Big Mac hamburger and large fries is 17 per cent cheaper than in central London. At the other end of the scale, the discreetly luxurious Carlyle Hotel offers a $29 three-course set lunch. Even after the near-obligatory 20 per cent service charge, that compares well with the £25 table d'hôte meal at the Connaught, the Carlyle's nearest London equivalent. The cheapest double room at the Plaza on Fifth Avenue is $246, about £170 at recent exchange rates. By contrast, London's Savoy charges £211.

Partly for these reasons, the travel industry is far from despondent about prospects for British tourist traffic to the US. The Plaza says it had 50 per cent more UK guests staying last month than a year before. Thomson, Britain's biggest travel company, says the falling pound has not affected the group's US bookings.

Many British tour operators have insulated themselves against sterling's fall by taking out foreign exchange cover. Thomson, which bought dollars forward at a rate of about $1.90, is guaranteeing to meet its current brochure prices until the end of the summer.

For those yearning to see Mickey Mouse in his natural habitat, BA currently charges £2,322 for a one-week, all-in trip to Florida's Disney World for a family of four, compared with just £706 for two nights at Eurodisney. But on a per night basis the cost is comparable. In any case, who wants to visit northern France in February?

The omens are mixed as to how many transatlantic tourists will be drawn to Britain this year. Travel agents and airlines in New York say sterling's fall has not yet given bookings a fillip, while the Savoy hotel group say signs of an increase in American guests are no more than a "glimmer of light".

But at London's Inn on the Park hotel, Americans contributed two-thirds of a 12-point rise in the room occupancy rate last month, compared with a year previously. "It will take time for the new value of the pound to filter through," says Mr Ramon Pajares, general manager. "If the pound stays at this level, we will see a substantial increase in Americans by April."

**Since its 1992 peak of $2.004 in September, sterling has fallen by 30 per cent against the dollar**

Mr Bill Mally, director of the Oxford Street Traders' Association, which represents many West End stores, is also cautiously optimistic that his members will see more transatlantic customers this summer – provided there are no more serious bomb explosions in the area.

However, he warns that the benefits of devaluation may be strictly temporary: "Eventually, the merchandise which British retailers buy abroad gets more expensive, and that has to be passed through to the consumer."

That may mean retail prices across the Atlantic will again become a bargain. Such a differential has, in any case, long been normal for many internationally traded consumer products.

For instance, British retailers say most Japanese consumer electronics companies have persistently charged them trade prices 20 per cent higher than in the US, even though the manufacturing cost of the products concerned was the same. Equally, car prices have long been lower in the US than on the other side of the Atlantic.

However, the pattern may be changing. Timberland, the Maine producer of leisurewear, and Lands' End, a mail order clothing company based in Wisconsin which began selling in Britain two years ago, say they are holding their UK prices. Both companies are also pushing ahead with plans to expand their British sales.

Lands' End says it can afford such a price freeze because it buys more products from suppliers based in the UK than it sells there. Timberland says it is ready to accept lower margins to increase market share.

But there would also seem quite a lot of margin to cut. Six months ago, Timberland shoes cost a third more in Britain than in the US, while the price of the same shirt in Lands' End's US catalogue was half that in the UK version.

*New York research by Ritoka Nachomo*

**For the British, holidays in France will cost a lot more, say FT reporters**

# A dearer year in Provence

Last September Mr Kevin O'Sullivan, a British businessman, agreed to buy a small property adjoining his holiday home in Provence. Though full payment did not have to be made until the end of this month, he decided to play safe by immediately converting enough money into francs to cover the purchase price.

But he was too late. His instructions reached his London bank the day after Black Wednesday. After waiting in vain for sterling to rally, Mr O'Sullivan has finally decided to take out a short-term loan in francs – despite a swingeing 15 per cent interest rate – in the hope that a favourable change in exchange rates will enable him to pay it off some time in the future.

Meanwhile, he is facing up to the painful prospect that his next French holiday will be a lot more expensive than his last one. "Even when the pound was at FFr9.70, when you went to the supermarket you could round out the exchange rate and pretend it was actually worth FFr10," he says. "But now that it's at FFr8, you can't kid yourself any longer."

During the boom years of the late 1980s, tens of thousands of Britons decided to consummate a love affair with France by buying a bit of it. Many were attracted by low prices, as little as £25,000 for a cottage, though Mrs Philip Hawkes, an estate agent in Paris, says that of the 30 chateaux she sold in 1988, a third were to British purchasers.

As these expatriate owners watch the pound sink on the foreign exchanges, they may be consoling themselves with the thought that devaluation has, at least, created a substantial capital gain on their investments. But they may be deprived even of that compensation. Mr Vivien Bridge of Northern France Properties estimates that the value of the type of rural property most favoured by British buyers has dropped by about 30 per cent in the past year, mostly since Black Wednesday. The number of sales has fallen by about 40 per cent.

Mrs Sarah Francis of Sifex, another London-based agent, says the market has been particularly weak for properties worth between £30,000 and £100,000. Many agents report a sharp rise in the number of expatriate owners seeking to sell. The problem is the British have come to dominate the market in many remote parts of the country, as the native population has moved to big cities. As a consequence, the best hope of selling is to another Briton. But of those who are still interested in buying, many are said to be holding back in the hope that the market will sink further, or the franc will be devalued.

France has traditionally vied with Spain as the most popular foreign destination for British tourists since long before they started buying second homes there. According to the British Tourist Authority, 7.4m of them took holidays there in 1991.

Though official figures are not yet available, some in the travel industry believe bookings in December for French holidays this summer were well down on the previous year. However, the picture is patchy. Gites de France, an organisation which rents French holiday cottages, says that though bookings from the UK were weak before Christmas, last month they were 7 per cent up on the previous year.

French Country Cruises, which sells canal boat holidays in France, says summer bookings are similar to a year ago, but only because of one large group booking. It has raised prices by 15 per cent since Black Wednesday and is considering a further currency surcharge.

P&O European Ferries, the largest cross-Channel carrier, plans no increase in fares to France, though devaluation is forcing it to absorb sizeable cost increases. It hopes the pound's reduced purchasing power will not affect business too badly, arguing that even at the current exchange rate the average cost of food and lodging is lower in France than in Britain.

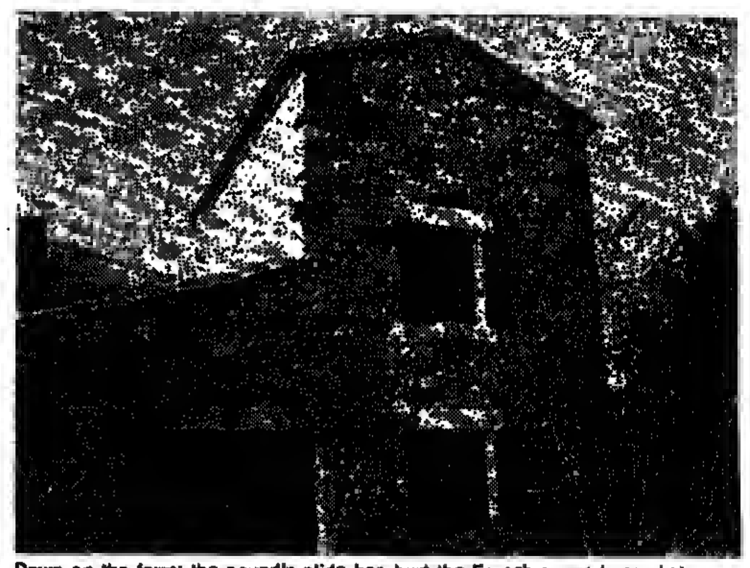
By all accounts, sterling's weakness has not deterred Britons from taking advantage of the big increase since the start of the year in the value of the duty-paid purchases which they may legally bring back from other parts of the EC. At the Mammouth hypermarket in Calais, sales of alcoholic drinks to British customers was up 20 per cent last month. "There are still a lot of bargains for the day tripper," says Mr Bill Simpson of Courage, the brewing and retailing group, who visited Calais last weekend to see the competitive threat for himself.

Anxieties on this score, along with the depressed state of the British economy, are likely to restrain price rises on French wine and spirits imports. "I expect prices to move broadly in line with inflation, rather than make up for the devaluation," says Mr Chris Banks, marketing director of JR Philips, a wine and spirits distributor.

Though French wine prices rose by between 5 and 10 per cent after Black Wednesday, they face increasing competition from "new world" producers in countries such as Australia and South Africa. "Concern about losing market share is likely to ensure a cautious approach to any further increases," says a spokeswoman for Oddbins, the UK retail chain.

A similar line is being taken by champagne houses such as Bollinger, which has not raised UK prices for two years, and by French cognac producers, which saw their British sales fall 12 per cent last year. Remy Martin, one of the leading marques, says it has no price increases planned.

Meanwhile, devaluation has prompted some British companies to capitalise on opportunities for import substitution. Northern Foods, Marks & Spencer's biggest food supplier, is considering producing in the UK popular delicacies such as *fromage frais*, most of which is currently shipped in from France.


Down on the farm: the pound's slide has hurt the French property market

Whether or not such plans lead to fewer French products being sold in Britain, stand by for more visits by the French themselves. The BTA's Paris office says inquiries through the Minitel electronic information system about holidays in Britain trebled to 75,000 last year. Mr Pierre Bergasse, deputy director, attributes some of the increase to the cheap pound. But he also concedes that another explanation may be that more people have discovered how to use Minitel.

*Reporting by Guy de Jonquières, Vanessa Houlder, Gary Mead, Philip Rawstorne and Michael Skapinker in London and David Buchan in Paris.*

**Japan's middle management is losing its identity, says Robert Thomson**

# That terrible tap on the shoulder

When 35 managers at Pioneer Electronic, the video and audio equipment maker, were given the "shoulder tap", as compulsory retirement is known in Japan, the collective disbelief of middle management echoed through the country's business magazines, which concluded unanimously that the salaryman warrior faces an "identity crisis".

The number of redundancies pales in comparison with the large-scale lay-offs at IBM or General Motors or DAF, the truck maker, but the outrage and the insecurity prompted by Pioneer's pruning reflects a deep disillusionment among the middle-aged men popularly believed to have rebuilt Japan since the second world war.

Pioneer has extended the deadline for the 35 "samurai", who were supposed to have cleared their desks by January 31. But the decision still stands and most of the group have already accepted that they have no future at the struggling company, and are coming to terms with a role as a "wet autumn leaf", clinging uncomfortably to their wives at home.

A 56-year-old among those to be made redundant complained that no explanation was given as to why he was chosen: "All they told me was that I was not of use – what does that mean, not of use?" The sense of uselessness undermines the self-image of his generation, which began careers in the late 1950s, when the semi-spiritual drive to build a strong Japan provided a well-defined role for the selfless salaryman.

Managers are not alone in their confusion. Japan as a country now longs for a well-defined role. The clear targets of post-war economic revival have been met, and Mr Kiichi Miyazawa, the prime minister, now talks curiously of making the nation a "lifestyle superpower".


The country is searching for a new role in Asia, a new relationship with the US, and a new international identity.

The Pioneer case also emphasised to workers that past loyalties are up for renegotiation in a period of corporate restructuring. Cost-cutting programmes have generally targeted women and part-time workers, who are not thought to be party to lifetime employment agreements and whose retrenchment does not cause controversy.

Companies other than Pioneer have already told middle managers to move on, but less bluntly. Managers working in head office may be told that they will be transferred to a remote sales branch, meaning that there is no place for them within the company. The verdict is often delivered in obscure language, though a lack of explanation is considered to be the "Japanese way".

The 59-year-old wife of one of the Pioneer 35 argued that this vagueness is unacceptable to a worker faithful for four decades, singing the company song, eating in the canteen, and devoting most of his "quality time" to the office and not the family: "He's been with them for 40 years. I guess there's no point in being angry, but things should be clearer. It's really very difficult to accept."

It's also difficult for the same generation to accept that their corporate devotion no longer inspires younger Japanese, who have more pity than respect for the Burberry-coated men half-asleep on the late train home. Over the past month, several Japanese researchers have concluded that the average middle-aged manager is abrasive in handling his juniors, prompts women to turn the other way on train platforms, and tends to forget his wife's birthday.

Another survey, by the prime minister's office, found that middle management attitudes are themselves shifting. About 48.4 per cent of employees in their 40s now believe that job-hopping is acceptable compared with a mere 17.1 per cent in 1983. The result gives the impression that workers are becoming less loyal just as companies are unable to afford loyalty. But Japanese workers are yet to be "empowered". They may be in favour of job-hopping, but the risks of moving daunt individuals still unclear where obligations end and rights begin.

The afternoon tabloid newspapers, aimed at the middle-aged male worker, provide a clue to the image this generation finds appealing. Each day, the papers are dominated by the name and an action photograph of Mr Shigeo Nagashima, 56, a legendary slugger who has returned from a 12-year retirement to coach the country's best-known baseball team, the Yomiuri Giants.

The well-dressed Mr Nagashima's training tips are plastered across the news pages, giving the impression that he is a modern-day oracle. He is taken far more seriously than the country's politicians, who are keen to be photographed in his presence.

A youth magazine surveyed its readers on the man they would most like to have as the department head in their office, and Mr Nagashima came out on top. At least in one respect, some of the younger generation still share the ideals of their superiors.

# LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

## Daf never big enough to absorb Leyland

*From Denis A I Wright.*

Sir, Your article "Driven to a grinding halt" (February 3) with respect fails to address itself to the real problems within Daf. The dream to become a an important player in the European truck league was fraught with problems from the outset. The company may have posted record profits in 1989, but so they should have, when truck sales throughout Europe were at record levels.

I suggest that Daf was never a big enough company (in every sense) to have absorbed Leyland in the beginning. Being the market leader in the UK, on the one hand, and losing money on the other, is pure vanity; surely their priorities should have been rationalisation, model integration and restructuring, thus enabling them to have a better chance of competing in a European market that has been suffering with overcapacity for years.

Is this the golden opportunity for Hino to take over Leyland in the UK?

Denis A I Wright,
*46 Rugby Road, Dunchurch,*
*Rugby CV22 6PN*

## Poor compensation for living in London

*From Sir Peter Bowness.*

Sir, I was not surprised to read that some local authorities in other parts of the country feel that London does too well out of the area cost adjustment ("A north-south council divide widens", February 3). In the famous phrase, they would say that, wouldn't they?

The true position is that London boroughs do very poorly out of the adjustment. A conservative estimate is that the capital's 33 authorities are being deprived of more than £200m a year precisely because the area cost adjustment does not take London's higher costs into sufficient account. These should include full allowance for salaries and wages, rents and business rates, the costs of homelessness, caring for the very high numbers of refugees, and the London-wide concessionary fares scheme.

Further, it is clear that Londoners subsidise those living in other areas of the country. Some £2bn flows out of London through uniform business rate, and London councils will lose a further £220m in grant under the council tax, as a result of higher property values.

Cleveland, Shropshire and others can complain, but they won't find much sympathy from London's council leaders and chief executives, nor from their council tax payers who consistently face higher bills than householders outside London, irrespective of their local authority's political colour.

Peter Bowness,
*chairman,*
*London Boroughs Association,*
*College House,*
*Great Peter Street,*
*London SW1P 3LN*

## Encouraging development for local policymaking

*From Mr Michael Gardiner.*

Sir, Hurrah for Mr Martin Easteal, the chief executive of the Local Government Commission for England, in his Personal View ("Power must return to the provinces", February 4). All power to his elbow.

The opportunity for citizens to participate in meaningful decisions affecting their communities is being extended in this part of the country by the use of "consultative committees".

These allow elected representatives to receive advice from specialists working within the local community and is helping to improve policymaking. It is a development that should be encouraged.

Many people will agree with Martin Easteal's final sentence – if the principle of "subsidiarity" is right for Europe, why is it not also right for Britain? Let us hope that the work of his commission will result in power returning to the provinces.

Michael Gardiner,
*32 Old Vicarage Green,*
*Keynsham,*
*Bristol BS18 2DO*

## Consumer loses if monopoly question not resolved in Post Office privatisation

*From Mr L Patrick Lupo.*

Sir, You correctly state in your leader, "Parcelling up the post" (February 3), that "the issues of monopoly power should be resolved before privatisation is begun, not tackled as an afterthought".

Private express operators have responded to customer demand for cross-border service by investing heavily in infrastructure over the last 10 years and have provided through a large and stable workforce a high level of innovation and customer service in an intensely competitive market.

Investment decisions made by these companies relying upon past government policy need to be protected as rigorously as those of the private investor taking up shares in a government privatisation. For international express carriers such as DHL, this means not only the freedom to compete, but to do so on completely fair and equal terms in services which are not, for genuine social need, reserved to the Post Office.

Not only should the Royal Mail's monopoly be narrowly construed, but it, like every other post office in Europe, should not enjoy any advantage in the adjacent and supposedly unregulated private express market. It would be an affront to both consumer and competitor to confer monopoly rights which will ensure the success of a share flotation at the expense of distorting competition.

If the question of monopoly power is not resolved before privatisation, the gains of investors will be at the expense of the consumer.

L Patick Lupo,
*chairman and chief executive officer,*
*DHL Worldwide Express,*
*rue du Noyer 211*
*1040 Brussels,*
*Belgium*

## Arrangement fees that inflate interest charges

*From S R Hunter.*

Sir, I have read your recent articles on banking charges for small business with interest. My wife is a partner in a small retail business with an unblemished financial record in the seven years since start-up. Loans have been paid back punctually and the account has never been in the red.

A few months ago it was offered an opportunity to buy stock in bulk at a very attractive price. On inquiring about an overdraft at its high street bank, it found that, if it had used the overdraft fully for the maximum three-month period of the arrangement, the effective interest rate would have been more than 30 per cent per annum owing to arrangement fees. It would in fact have been cheaper to borrow on her credit card.

Anyone who had borrowed from the bank on the basis that it suggested would have been stupid. Maybe it was a customer intelligence test?

S R Hunter,
*32 Brookmans Avenue,*
*Brookmans Park,*
*Herts AL9 7QJ*

Chairman denies departure connected to Virgin affair

# Board shuffle at BA as Lord King steps down

By Michael Cassell, Business Correspondent

LORD KING stepped down yesterday as chairman of British Airways, six months ahead of schedule, in an attempt to bring to an end the continuing controversy over the airline's "dirty tricks" campaign against Virgin Atlantic.

Lord King, who angrily denied that his departure was connected to Virgin's recent High Court libel victory, said he was going early, after nearly 12 years as chairman, to "remove uncertainty and speculation" about the future leadership of BA.

He described his time at BA as "the crowning achievement of my life".

Sir Colin Marshall, chief executive for 10 years, becomes executive chairman of the airline. Mr Robert Ayling, head of marketing and operations, takes up the new post of group managing director.

Lord King's election as president of BA, for an initial three-year period, was accompanied by a decision to enlist one extra non-executive director – yet to be appointed – and to enhance the role of non-executive board members in monitoring the performance of executive directors.

Sir Michael Angus, president of the Confederation of British Industry, who until yesterday was joint deputy chairman with Sir Colin, becomes the sole deputy chairman, with responsibility for leading the non-executive directors and heading the monitoring process.

Sir Colin said Sir Michael would be "a sounding board for the executive and a focal point for the non-executives as well". Sir Michael said Lord King had left behind him "the strongest possible senior management team".

Together with the recent implementation of a code of conduct for all employees, to be overseen by a special committee of non-executive directors, the moves are intended to ensure that BA does not again make itself liable to Virgin-type allegations.

It was also announced yesterday that Mr David Burnside, BA's director of corporate affairs, was leaving immediately.

BA is hoping that the fall-out from the Virgin affair will now subside, though it is still in peace talks with Virgin, which will continue next week. Failure to agree new ground rules for competition between the two airlines could yet re-open the controversy.

Sir Colin paid tribute to Lord King, with whom he had enjoyed "a remarkably successful partnership". He said his departure represented "the end of an era" during which he had made an outstanding contribution to BA's conversion from a loss-making, state enterprise to one of the world's most profitable airlines.

He added: "It was his decision to go and it was a generous gesture. He took it to ensure the organisation is better able to settle down and does not have to endure continued speculation".

# Stake sale knocks 4½p off Queens Moat shares

By Michael Skapinker, Leisure Industries Correspondent

SHARES IN Queens Moat Houses, the hotels group, fell 4½p to 53½p yesterday after an announcement that Mr Martin Marcus, deputy chairman, had sold 1.1m shares for £629,500.

Mr Marcus said he had sold the shares to fulfil personal obligations and that the transaction was not related to any aspect of the group's performance.

He sold 500,000 shares at 57.5p and 600,000 for 57p. He still holds an additional 1.16m Queens Moat shares.

Mr Marcus said the group's close season began on Monday and he would not have been able to deal in the company's shares until after the annual general meeting at the end of May.

He said: "One has to look to one's personal commitments." The sale did not reflect a lack of confidence in the company. "The fact that I have a pretty large holding goes to confirm that," he said.

Mr Marcus said Queens Moat hoped to make an announcement in "the not too distant future" on the use of an international hotel brand. Rumours have circulated for several months that Queens Moat intends to broaden its link with Holiday Inn.

Queens Moat is already a Holiday Inn franchisee on the Continent and in the UK. Holiday Inn is thought, however, to want to increase its UK presence. Last year, Scott's Hospitality, a Canadian company, changed the franchise of 15 of the UK hotels it owns and operates from Holiday Inn to Marriott.

# Birse runs up £2.7m loss

By Andrew Taylor, Construction Correspondent

BIRSE GROUP yesterday announced details of a refinancing of its bank loans which it said should put to rest rumours that it was about to join other construction companies which had failed.

Mr Peter Birse, chairman, said that all of the company's short-term borrowings had been rescheduled on "a committed three-year basis to May 1996" reflecting the banks' confidence in the group's long-term future.

At the same time Birse announced a pre-tax loss of £2.7m for the six months to the end of October compared with profits of £1.8m.

The company, in which Bilfinger Berger, the German contractor, has a 15 per cent stake, has decided not to pay an interim dividend (1.65p). This is after making a loss per share of 3.6p (1.8p earnings). Turnover fell from £189m to £164m.

Operating losses amounted to £429,000 (£3.25m profits) and the pre-tax result was after a jump in interest charges from £1.45m to £2.28m.

Mr Birse, commenting on the results and the refinancing, said: "There have been a lot of rumours lately, mostly spread by competitors, that we were about to go down the same route as Budge and Lilley, which recently went into receivership. We have been very successful in winning work and increasing our market share, because we offer customers a very competitive price. This has prompted envy from competitors which have been trying to undermine our business."

Mr Birse said that the banks had agreed to reschedule all of the group's debts with any extra cost in borrowing "which they would not have done if they had any doubts about our future."

The switch from short-term to medium-term borrowings also means that the company will find it easier to satisfy financial criteria demanded by some utilities before they will allow companies to tender for work.

Nonetheless, Birse remains highly geared. Net debt of approaching £40m at the end of October compared with shareholders funds of £25m. Debt is expected to fall to £30m by the end of the financial year at April 30, leaving gearing still in excess of 100 per cent.

The company said that trading conditions continued to be very harsh. It remained determined, however, to maintain its high level of business and keep its construction team together, even if it meant continuing to bid very competitive prices and upsetting competitors.

The shares closed 2½p down at 30½p.

● COMMENT

The good news for shareholders is that Birse's bankers have taken the view that the company is worth supporting and will survive. Having said that, the trading outlook, in the company's own words, remains harsh. Contracting at best will break even for the year while commercial property is likely to remain a tough market for at least another 18 months. The company, however, is no longer under any immediate pressure to sell property at distressed prices to reduce borrowings. Losses for the year could total £5m to £6m say analysts. The shares are unlikely to attract new buyers.

## 0.37% accept Airtours offer

Airtours has received valid acceptances of its hostile bid for Owners Abroad, its rival holiday company, from shareholders representing 0.37 per cent of the capital.

Acceptances were likely to be low at the first closing date given that the Office of Fair Trading is still considering a referral to the Monopolies and Mergers Commission.

Mr Howard Klein, Owners Abroad chairman, called the level of acceptances paltry.

# Hambros wins Norwegian case

By Maggie Urry

HAS THE ghost of Hilmar Reksten, the "Norwegian Onassis" whose bankruptcy in the 1970s nearly broke Hambros, the merchant bank, finally been laid? "I sincerely hope so," said Mr Christopher Sporborg, deputy chairman of Hambros, with some feeling.

Yesterday Hambros won a court case in Oslo which it hopes will mark the end of an affair dating back to the 1973-74 oil shock and the shipping crisis that followed.

Hambros was being sued for £200m, plus interest on that amount since 1989, by the Norwegian Guarantee Institute, which had guaranteed Mr Reksten's loans, and by the trustees of Mr Reksten's estate. Mr Reksten died in 1980.

The plaintiffs had claimed that Hambros had known about a fortuna Mr Reksten had allegedly secretly salted away in overseas tax havens to avoid Norwegian tax. Mr Sporborg said yesterday, "if he had, we never got our hands on it".

As though Mr Reksten's shade could not resist a last laugh, Hambros shares were in turmoil yesterday as news of the bank's legal triumph took more than half an hour to filter through to the stock market.

Hambros shares opened at 298p and moved little until at 12.01 the bank announced that judgment in the case had been issued in Oslo and a further announcement would be made.

Fearing the worst, and that the bank might be made to pay the £200m plus sum, the shares plunged to 240p in the next few minutes. It was 12.34 before a statement saying the court found in Hambros' favour appeared on the Stock Exchange screens.

The problem was that the 200-page judgment was in Norwegian. As soon as Hambros' lawyer in Oslo reached the word "acquitted" in the document the message was passed to Hambros and on to the Stock Exchange.

After that Hambros shares rapidly returned to the opening level and then gained another 15p to close at 313p.

Mr Sporborg said that he expected another claim against the bank to be dropped now. Hambros has had to bear its own costs in the case.

Hambros had lent "hundreds of millions" to Mr Reksten, who owned a fleet of oil tankers, and Norwegian shipping owners generally in the 1970s, Mr Sporborg said. After the oil shock the tanker market collapsed and the Norwegian government set up the Guarantee Institute to help Norwegian shipping companies by guaranteeing their loans.

After Mr Reksten's death Hambros came to a "full and final settlement" in 1982 with the Institute and the trustees, which involved Hambros paying a substantial sum.

Hambros had thought that was the end of the matter, but in 1989 the plaintiffs started proceedings against Hambros, saying new evidence had come to light that Hambros had concealed information. The court yesterday found that there was no new evidence and the 1982 agreement should stand.

# Receiver at Crown's French arm

By Raymond Snoddy

RFM, the French radio network that triggered the collapse of Crown Communications, has itself gone into receivership.

However, the network, which has a total of 114 stations and goes under the slogan "Tous les tops, toute la Pop sans les flops (all the hits and none of the flops) is still on the air.

The intention is to run it as a going concern while the merits of three different rescue plans are considered. The salaries of staff will be paid out of advertising revenue.

The collapse of Crown followed the decision of the CSA, the French broadcasting authority, to block the sale of the network to a consortium that included NRJ, a rival French radio network, and Mr Alain Ayache, a controversial right-of-centre magazine publisher.

The NRJ consortium is one of those now trying to buy the network from the receiver.

TF1, the French first television channel, has also made a proposal to save the radio network. The third rescue plan is for a management buy-out of RFM. CSA approval will be needed for any change of ownership at the radio network.

Crown had debts of £16m when it went into receivership, most of them because of the French operation.

Crown's main business, LBC, the London talk-based commercial radio station, did not go into receivership and is now under the effective control of Chelverton Investments, a company set up by Mr John Porter, son of Dame Shirley Porter, and his partner Mr Matthew Cartisser.

## Northumbrian incurs loss and sells Lees

By Angus Foster

NORTHUMBRIAN Fine Foods, the biscuit and snacks maker, yesterday announced interim losses and said it had sold Lees of Scotland, the confectionery subsidiary which it bought in September 1991.

Negotiations on the sale delayed publication of Northumbrian's results, due on Wednesday. The company's shares, which were suspended on the USM pending the announcement, resumed trading yesterday and fell 2p to 15p.

For the half year to September 30 losses within Lees and price competition in the biscuit industry led to pre-tax losses at Northumbrian of £1.66m, compared with profits of £252,800 last time.

Continuing activities went from profits of £252,800 to losses of £180,400, before exceptional costs of £215,000 on restructuring.

Turnover more than doubled to £11.1m, because of the Lees contribution. Turnover on continuing activities increased 43 per cent to £6.99m. But margin pressure saw operating profits on continuing activities collapse from £353,600 to £37,600.

Losses per share amounted to 2.96p (earnings 0.7p) and the interim dividend is being passed – 0.75p was paid previously but the final was omitted.

Northumbrian paid £4.8m for Lees but the acquisition had performed poorly. The company admitted it paid too much for Lees, which made pre-tax losses of £262,200 in the six months to September 30.

Lees was sold to the Claymore Group, a private company led by Mr Raymond Miquel, who chaired Arthur Bell before it was acquired by Guinness.

Northumbrian will receive £1.15m in cash, payable between 1994 and 1998. The Lees brandnames will be retained by Northumbrian but Claymore has an option to acquire the brands for £1m.

Most importantly for Northumbrian, Claymore will assume Lees's borrowings of nearly £3m. That will reduce Northumbrian's net debt to £4.4m, compared with £5.8m in March.

# Clifford shares leap on approach

By Peter Pearse and Christopher Price

SHARES IN Clifford Foods, the dairy products, fruit juice and food group, yesterday soared 93p to 513p before settling back to 505p on news that it had received an approach that might lead to an offer for the company.

Analysts speculated last night that a hostile bid would have to find support among the family, board members and their associates who control some 56 per cent of the shares. However, the news of the approach comes at a time of much activity in the dairy sector in the run-up to the abolition of the Milk Marketing Board in 1994. Also, Clifford announced in October a 60 per cent decline in pre-tax profits to £1.03m (£2.55m) for the first half of 1992.

According to analysts, there are several companies which could be courting Clifford. The favourite appears to be Unigate: the dairy products and food group is said to have made little secret of its desire to expand its liquid milk manufacturing operations. Clifford's Home Counties base would strengthen Unigate's underweight position in the market in the south-east of England.

Other names being suggested in the London market yesterday included Avonmore Foods, the acquisitive Irish dairy group, and the Danish concern MD Foods.

Other UK companies mentioned included Northern Foods, although such a move would probably trigger monopoly problems.

Analysts suggested a price tag of about £50m for Clifford.

# Allied Dunbar new business fall

By John Authers

ALLIED Dunbar Assurance, the financial services subsidiary of BAT Industries, yesterday announced a fall of 8 per cent in new business for 1992.

Regular premiums declined, roughly in line with a marked trend for the industry, by 9 per cent from £178.7m to £162.1m. Single premium products, however, also fell by 8 per cent from £683m to £631m.

Single premium life and pension business both registered increases, of 26 per cent and 10 per cent respectively, however, and the company attributed the poor overall results for single premiums to its withdrawal from guaranteed income bonds and home income plans, which in 1991 accounted for £110m.

The company has also been reluctant to accept transfers from occupational pension schemes which have been lucrative for other companies.

Business placed through independent financial advisers, measured in terms of commission paid, rose by 9 per cent. Sales through the Allied Dunbar direct sales force fell, partly thanks to a fall in numbers from 4,800 to 4,500.

Several salesmen were recruited by J Rothschild Assurance, set up by former Allied Dunbar executives, which started at the beginning of last year.

Allied Dunbar does not have a "with-profits" life fund, and was unable to boost single premiums by offering with-profits bonds, which proved to be the highest selling products launched by the industry last year.

Total funds under management, buoyed by strong market performance during the year, rose by 18 per cent to £11bn compared with £9.3bn, while new sums assured rose by 14 per cent to £7.5bn.

NEWS DIGEST

## Armour falls 8% to £0.83m

IN SPITE OF an 8 per cent downturn in half year pre-tax profits to £830,000, Armour Trust, the confectionery and automotive group, is lifting its interim dividend from 0.315p to 0.3465p.

The news accompanied a statement revealing that Grand Central Investment Holdings, the chocolate maker with interests in the Asia-Pacific region, had increased its shareholding in Armour from 4.85m ordinary to 6.57m ordinary, representing 24.1 per cent of the issued share capital.

The figures for the half year to October 31 reflected a sharp downturn in trade following the pound's devaluation in September. That affected trade in October and November, the key trading months for the group.

Turnover rose to £12.34m, an improvement of 9 per cent over last time's £11.34m.

Sales for December and January were above last year's levels and February had started "very positively". Business had "definitely improved" in export markets.

Yesterday its shares rose 7p to 160p.

## Improvement for Continental Assets

Undiluted net asset value per 75p ordinary share of Continental Assets Trust improved from 165.2p to 170.4p over the 12 months ended December 31. Diluted, the figure was up from 154.6p to 158.9p.

Available revenue for the year amounted to £544,000 (£338,000), equal to basic earnings of 2.51p (1.56p). The single dividend is being lifted from 1.25p to 2.4p.

Earnings benefited, to an extent, from high interest rates and the impact of the pound's devaluation.

## Tops Estates' £20.3m purchase

Tops Estates, the shops and office property company, is paying £20.3m cash to George Wimpey for the long leasehold Clayton Square shopping centre in Liverpool.

Gross rents receivable amount to more than £2.3m before the letting of vacant units and is Tops' first purchase in almost four years.

## Tesco's Catteau purchase cleared

The EC Commission has cleared Tesco's FFr1.47bn (£180m) acquisition of Catteau, the food retailer which operates 90 stores in northern France.

The purchase, announced in December, is the biggest move into continental Europe by a UK retailer. It was suggested that other retailers would have to follow with similar diversification.

## Govett American net assets up to 137.9p

Govett American Smaller Companies Trust, formed from the reconstruction last year of Govett Atlantic, had a net asset value per share at December 31 of 137.9p against 100p when it commenced business on May 28.

The fund aims to achieve capital gains through investment in North American smaller companies.

Revenue after tax for the period totalled £24,000. Earnings per share amounted to 0.1p and, and as foreshadowed in the listing particulars, no interim dividend has been declared.

The directors said it was too early to forecast whether it would be able to recommend a modest year end dividend.



DIVIDENDS ANNOUNCED

| | | Current payment | Date of payment | Corres-ponding dividend | Total for year | Total last year |
|---|---|---|---|---|---|---|
| Armour Trust | int | 0.3465 | May 14 | 0.315 | - | 1.4885 |
| Birse | int | nil | - | 1.65 | - | 1.65 |
| Continental Tst | fin | 2.4 | Apr 14 | 1.25 | 2.4 | 1.25 |
| Northumbrian § | int | nil | - | 0.75 | - | 0.75 |

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock.

LONDON RECENT ISSUES

EQUITIES

| Issue Price p | Amount Paid up | Latest Renun. Date | 1993 High | 1993 Low | Stock | Closing Price p | +or- | Net Div. | Times Covered | Gross Yield | P/E Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 51 | F.P. | - | 68 | 52 | Intl. Food Machinery | 63 | | [illegible] | [illegible] | [illegible] | [illegible] |
| £10¼ | F.P. | - | £10¼ | £10¼ | Martins Fund | £10¼ | | [illegible] | [illegible] | [illegible] | [illegible] |
| - | F.P. | - | 15 | 13 | 4Prime People Warrants | 13 | | | | | |
| - | F.P. | - | 265 | 225 | Scottish Asian Wts | 248 | | | | | |

FIXED INTEREST STOCKS

| Issue Price £ | Amount Paid up | Latest Renun. Date | 1993 High | 1993 Low | Stock | Closing Price £ | +or- |
|---|---|---|---|---|---|---|---|
| 100p | F.P. | - | [illegible] | [illegible] | Bristol Water 8¼pc Pf | [illegible] | [illegible] |
| 100p | F.P. | - | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 100 | F.P. | - | [illegible] | [illegible] | NFC 7¼pc Cv. Bd. 2007 | [illegible] | [illegible] |

RIGHTS OFFERS

| Issue Price p | Amount Paid up | Latest Renun. Date | 1993 High | 1993 Low | Stock | Closing Price p | +or- |
|---|---|---|---|---|---|---|---|
| 53 | Nil | [illegible] | [illegible] | [illegible] | ASDA | [illegible] | [illegible] |
| 60 | Nil | [illegible] | [illegible] | [illegible] | Burton | [illegible] | [illegible] |
| 25 | Nil | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 32 | Nil | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 400 | Nil | [illegible] | [illegible] | [illegible] | Waste Mngt. | [illegible] | [illegible] |

TRADITIONAL OPTIONS

- First Dealings Jan. 25
- Last Dealings Feb. 12
- Last Declarations May 6
- For settlement May 17

3-month call rate indications are shown on page 9.

Calls in Acorn Computer, Avesco, British Data Mngemt., Burnfield, Emess, Euro Disney, Govett & Co., Hanson warrants, Kalon, MTM, Nott. Home Loans Pref. Suter and Tadpole Tech. Puts in B unfield, British Data Mngemt., Tay Homes and Tiphook. Double in BM Group.

## COMPANY NEWS: UK

# Tension grows over Heron restructuring

By Maggie Urry

ADVISERS TO some creditors of Heron, the property and trading group negotiating a £1.4bn debt refinancing, are complaining about Heron's decision to stop paying fees it regards as not essential to the restructuring.

Heron said it could not comment on individual fee arrangements, but that its action had been taken in the interest of creditors. Fees involved so far amount to nearly £40m.

Tension is mounting between the parties to the restructuring plan which is due to be put to the banks by the end of this month.

"It is all coming to a head now," one said, adding that in such cases it was only when negotiations became fraught that progress was made.

Without a refinancing Heron would go into receivership – an outcome the group believes would realise less for creditors.

The depths of Heron's problems are revealed in a letter sent to the advisers by UBS Phillips & Drew, Heron's merchant bank. This, says the group, "will only have cash funds available to pay fees up to January 31".

The steering committee of banks, the letter says, is considering providing new money of £1.6m to meet in part the company's cash requirements for February.

Heron's advisers and those of the banks have agreed to "defer a substantial proportion of their fees for a year" and make payment of those fees, amounting to £1.2m, "contingent on the restructuring being implemented".

The letter proposes that fees for the advisers to the bond holders "will be paid contingent upon, and immediately after, implementation of the restructuring proposals".

Some advisers say that if they recommend bond holders to accept the restructuring plan, the holders will say their advice is biased by the prospect of a fee.

# Fisons licenses heart drug rights to Porton

By Paul Taylor

FISONS, the pharmaceutical and scientific instruments group, which is focusing its efforts on a core group of drugs, has licensed the rights to develop and market its Dopacard heart drug to Porton Products.

Dopacard is used in the treatment of heart failure associated with cardiac surgery, and currently has annual sales of about £1m, mostly in the UK and Ireland. The financial details of the licensing agreement were not disclosed.

The agreement marks another step in Fisons' restructuring programme. Mr Cedric Scroggs, Fisons' chief executive, said it reflected Fisons' drive to focus its development and marketing programmes on core areas where returns could be maximised.

Commenting on the deal Mr Alan Barcock, managing director of Porton Products, said: "Porton is continuing to develop high quality medicines for specialist indications worldwide. Dopacard is a natural extension to our product portfolio which gives us the chance to make available another valuable product with unique patient benefits to hospital-based physicians."

The group has signed a number of licensing agreements in the last few years including a deal with Enzon of the US.

Porton Products is a wholly owned subsidiary of Porton International, the London-based privately owned pharmaceuticals and healthcare company which claims £7m profits on turnover of £52m for 1991.

# A lifetime spent in the pursuit of excellence

**Christopher Dunkley** on Sidney Bernstein, a leading light in the UK entertainment business

SIDNEY Bernstein – Lord Bernstein of Leigh – who died yesterday, aged 94, was one of the most important figures in 20th century British entertainment.

More than any other individual in that industry, he proved by example after example that there is nothing incompatible about the simultaneous pursuit of profits, excellence and popularity.

Born in 1899, by the early 1920s he had inherited eight "kinemas" and music halls which he ran as variety theatres. Instinctively he pursued both popularity and quality: Albert Chevalier, Gracie Fields, Will Hay, and Marie Lloyd appeared regularly on his bills.

Before the second world war he began to concentrate on cinema, building the Granada chain. In the 1960s he created Granada Television.

Quality and popularity were always the watchwords. Granada Television produced *Coronation Street*, which has been Britain's most popular television programme for more than 25 years and a serial of notable quality; and also such masterpieces of television drama as *Brideshead Revisited* and *Jewel In The Crown*.

Today Granada is a multi-million pound group with interests in TV and video rental, cable, satellite, bingo clubs, discotheques, casinos, motorway services, property, insurance, computers and publishing.

Like the Winogradskys (or Grades, as we now know the family name), the Bernsteins emerged from the 19th century pogroms of eastern Europe. Sidney's father, Alexander, fled first to Sweden as a young man, then to Britain, where he married Jane Lazarus and settled in Ilford.

He was a successful and lucky businessman whose early interests – in a Welsh quarry and in London property – led him into show business, when he built the Edmonton Empire as a means of popularising a shopping site. Sidney was the fourth of nine Bernstein children.

Always strong-willed, he insisted on leaving school at 15, wanting to go straight into his father's business. Alexander demanded that his son become an engineering apprentice, but within four years Sidney was in the family company (arguing passionately with his father), and when Alexander Bernstein died in 1922 Sidney inherited the theatres. He was then 23.

Though he spent his early career in live entertainment, Sidney Bernstein had other passions, notably film, travelling – which he did on foot, all over Europe, with a rucksack on his back – and liberal politics. Having joined the Labour Party, he served as an independent Labour county councillor for Willesden between 1925 and 1930.

All these interests can be discerned in his cinema policies during the 1930s. He was one of the leaders of the move to turn mere cinemas into "picture palaces": vast extravaganzas of Moorish and renaissance architecture, where working class families could be royally entertained with films, music from Wurlitzer organs, and a novelty called "snacks".

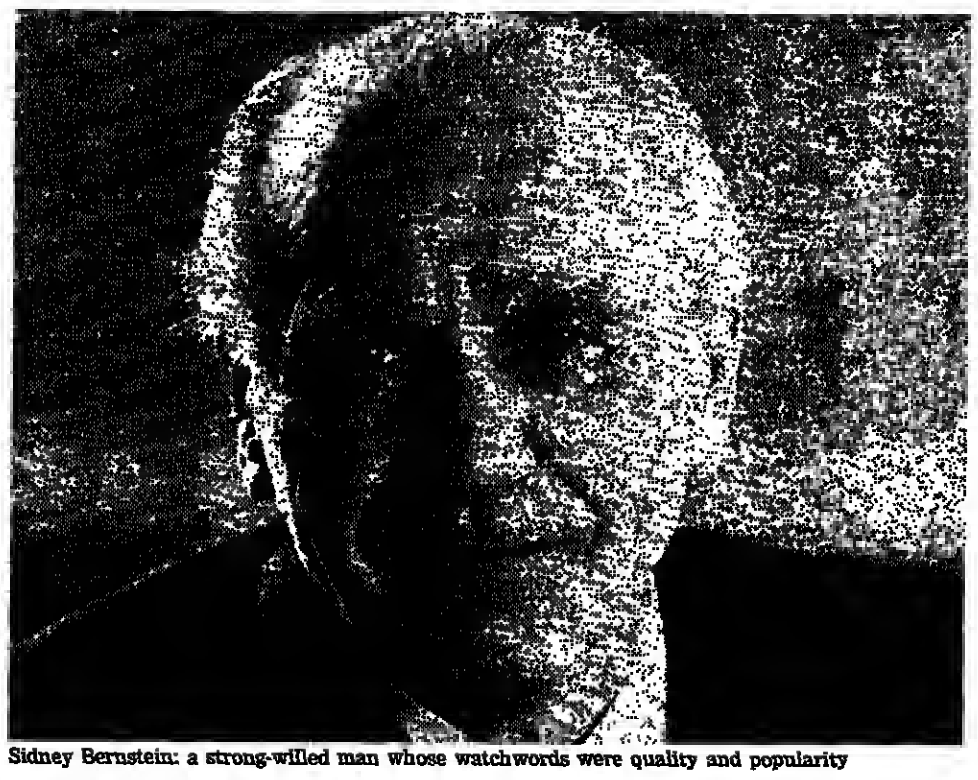
Taking on Komisarjevsky, the expatriate Russian architect and theatrical impresario, to develop the first of these elaborate people's palaces, in Dover, he then cast round to find a name for it.

In the winter of 1929, posters appeared all over the town instructing the public to "Start saying Granada". Fond memories of a walking tour in Spain, especially its architecture, caused Bernstein to light on this.

In 1930 he opened the Phoenix Theatre in London, with Noel Coward, Laurence Olivier and Gertrude Lawrence starring in *Private Lives* (quality and popularity combined, again), but cinemas continued as the centre of the family business.

They were converted for "talkies." A battle was fought over Sunday opening: in Dover, this seemed to have been won by the Lord's Day Observance Society until the Bernsteins arranged for all Dover cinemas and theatres to be lit up on a Sunday, with staff on hand to turn away the expectant public with the explanation that these were Dover council's orders. The rules about Sunday showings soon changed.

Sidney started children's matinées, and the company



Sidney Bernstein: a strong-willed man whose watchwords were quality and popularity

kept building cinemas; in 1936 a new Granada opened every three months. Eventually there were 57.

In 1936, to the surprise of his friends – Sidney Bernstein tended to keep his private life as secret as his business dealings – he married Zoe Farmer, a journalist, but the marriage did not long survive the second world war.

During that war Bernstein served as films adviser to the Ministry of Information, then as chief of film selection at Allied HQ in North Africa and at SHAEF.

In 1945 he went into Belsen. What he saw made him determined to make a film for showing to the German public, proving what had been done in its name. He persuaded Alfred Hitchcock – a fellow Londoner, by then working in the US – to cross the Atlantic and act as director. Thanks to the politicians the film was not shown. It was buried in the vaults of the Imperial War Museum and screened for the first time on British television in 1985.

But the Bernstein-Hitchcock partnership bore fruit: Sidney Bernstein went to Hollywood and produced Hitchcock's next three films, *Rope*, *Under Capricorn*, and *I Confess*. During this time he met a Canadian girl, Sandra Malone, whom he married in 1954. They had a son and two daughters.

Back in the UK in the 1950s, with all his experience of wartime propaganda behind him, Bernstein opposed the campaign for commercial television on the grounds that the right to broadcast into millions of homes bore "such a great propaganda power that it could not be entrusted to any bodies other than a public corporation". Yet he campaigned for the right to compete with the BBC's increasingly popular television service by operating a large-screen commercial television system in his cinemas.

When the law permitting commercial television was passed, however, Bernstein was one of the first to apply for a licence. His was one of the first three awarded.

Today Granada is the only original franchise holder to have survived throughout the history of British commercial television. The story goes that Sidney Bernstein, in deciding on a particular UK region for his franchise application, studied population densities and annual rainfall and reasoned that what he needed was an area full of people obliged to stay at home in the evenings – hence his choice of the Liverpool-Manchester area.

From the outset Granada Television was unlike what many had feared from "Plug TV," as the Beaverbrook newspapers called it. On the opening evening the new company offered – of all things – a tribute to the BBC.

It was soon doing more to push out the boundaries of television journalism than the BBC had done in a decade. Apart from party political broadcasts, the BBC pretty well pretended, then, that politics did not exist.

At Bernstein's urging, Granada challenged the law by putting on screen all the candidates in the Rochdale by-election of 1958. Then it started covering the TUC congress and the annual party conferences, which had hitherto received television attention except in *post hoc* reports.

What journalists at Granada found was that Sidney Bernstein, who had always gone to law to protect his own or his company's reputation, would stand unflinchingly beside them if he was convinced they had their facts right; he would take on the Independent Television Authority, the British Steel Corporation, or even the UK government if necessary. In Granada's first 25 years, he locked antlers with all three – and others. (He invariably won).

His staff also found that, as an immaculate dresser himself, he loathed untidiness in others (he was, so it was said, especially opposed to beards, suede shoes and earrings). He also acquired a reputation for meanness – yet no other ITV company has generated such loyalty in its staff; many broadcasters have spent their entire careers with Granada.

In 1969 Sidney Bernstein became Baron Bernstein of Leigh. 15 years later, that honour was almost equalled when the leading American television magazine Channels, devoting an entire issue to a "search for excellence," declared Granada "the best television company in the world".

The magazine backed up this seemingly grandiose claim by quoting chapter and verse on Granada's television journalism (*World In Action* to *Seven Up*); drama (*Sherlock Holmes* to *King Lear*, starring Laurence Olivier); even its staff structure ("Granada executives have almost all been programme makers and generally still are").

Throughout his life Sidney Bernstein urged his colleagues not to underestimate the intelligence of the public. Although he worked always in the mass entertainment business, his own interests were refined. He took a lively interest in the avant garde. He was a founder of the Film Society, which attracted people such as HG Wells, Augustus John and Bernard Shaw, and caused much controversy in the late 1920s by showing uncensored versions of foreign films.

For one such occasion Sidney Bernstein got Nancy Cunard to bring a print of Bunuel's notorious surrealist work *Un Chien Andalou* into the UK – and past the UK customs officers – in her hatbox.

M T W T F S S

## ECONOMIC DIARY

**TODAY:** Labour local government conference in Bournemouth (until Sunday).

**MONDAY:** Credit business (December). Cyclical indicators for the UK economy (January - first estimate). European Community internal market council meets in Brussels. European Parliament in plenary session.

**TUESDAY:** Producer price index numbers (January). US wholesale prices (December). European Community agriculture council meets in Brussels. Informal meeting of the European Community education council in Copenhagen. Mr Leonid Kravchuk, Ukrainian president, visits Britain (until February 12). National Farmers' Union conference in London (until Wednesday). Olgas annual report.

**WEDNESDAY:** Index of production for Scotland (third quarter). Irish parliament resumes. CBI regional trends survey. Start of two-day Financial Times/Les Echos conference "Europe - The Way Forward" in Paris. Toyota Motor 1992/93 parent company results.

**THURSDAY:** Details of employment, unemployment, earnings, prices and other indicators. Capital issues and redemptions (January). Capital expenditure by the manufacturing industries (fourth quarter - provisional). US retail sales (January). Presidents of Venezuela, Columbia and Mexico (the Group of Three) meet in Caracas (until February 12). Sir Leon Brittan, European Community external economic affairs commissioner, visits Washington for talks on the stalled world trade negotiations. US district judge is expected to announce in Washington a trial date in a BCCI case. Mr Michio Watanabe, Japanese foreign minister, visits Washington. Interim results from BT and BOC Group; finals from BP and Lonrho.

**FRIDAY:** Usable steel production (January). Retail prices index and tax and price index (January). US producer price index (January). US business inventories (December)

## LIFFE EQUITY OPTIONS

| Option | | Calls Apr | Calls Jul | Calls Oct | Puts Apr | Puts Jul | Puts Oct |
|---|---|---|---|---|---|---|---|
| Allid Lyons | 550 | 62 | 72 | 79 | 8 | 20 | 27 |
| (*595 ) | 600 | 27 | 42 | 51 | 27 | 43 | 59 |
| ASDA | 57 | 7 | 10½ | 13 | 5 | 6 | 9 |
| (*60 ) | 67 | 4 | 6½ | 9 | 9½ | 11½ | 14 |
| Brit. Airways | 280 | 26 | 33 | 38 | 8½ | 20 | 25 |
| (*295 ) | 300 | 16 | 23 | 28 | 19 | 21 | 35 |
| SmKl Bchm A | 420 | 48 | 59 | 69 | 6½ | 15 | 20 |
| (*456 ) | 460 | 23 | 37 | 47 | 22 | 32 | 37 |
| Boots | 500 | 26 | 36 | 46 | 17 | 31 | 35 |
| (*502 ) | 550 | 6½ | 16 | 25 | 52 | 62 | 65 |
| B.P. | 260 | 17 | 23 | 30 | 10 | 17 | 22 |
| (*267 ) | 280 | 8 | 16 | 19 | 22 | 28 | 32 |
| British Steel | 70 | 15½ | 16½ | 18½ | 3½ | 6½ | 8½ |
| (*75 ) | 80 | 7 | 11 | 13½ | 8 | 11 | 13 |
| Bass | 600 | 34 | 50 | 62 | 22 | 36 | 40 |
| (*602 ) | 650 | 14 | 29 | 48 | 54 | 67 | 60 |
| C & Wire | 700 | 43 | 62 | 73 | 21 | 38 | 47 |
| (*717 ) | 750 | 19 | 37 | 50 | 48 | 66 | 74 |
| Courtaulds | 550 | 44 | 56 | 66 | 13 | 20 | 35 |
| (*573 ) | 600 | 18 | 32 | 42 | 41 | 55 | 61 |
| Com. Union | 600 | 35 | 48 | 56 | 20 | 31 | 40 |
| (*622 ) | 650 | 11 | 26 | 36 | 52 | 60 | 69 |
| Fisons | 220 | 28 | 38 | 46 | 15 | 23 | 30 |
| (*233 ) | 240 | 18½ | 29 | 37 | 24 | 37 | 42 |
| GKN | 460 | 22 | 32 | 41 | 23 | 32 | 37 |
| (*465 ) | 500 | 7 | 17 | 24 | 54 | 59 | 62 |
| Grand Met. | 420 | 48 | 60 | 67 | 7 | 16 | 22 |
| (*456 ) | 460 | 20 | 37 | 44 | 22 | 33 | 40 |
| I C I | 1100 | 49 | 82 | 90 | 52 | 70 | 87 |
| (*1128) | 1150 | 29 | 61 | 70 | 84 | 100 | 117 |
| Kingfisher | 500 | 45 | 54 | 60 | 11 | 22 | 30 |
| (*526 ) | 550 | 16 | 30 | 39 | 35 | 49 | 55 |
| Ladbroke | 200 | 17 | 23 | 31 | 16 | 25 | 30 |
| (*202 ) | 220 | 10 | 17 | 24 | 29 | 37 | 43 |
| Land Secur | 460 | 37 | 43 | 48 | 6 | 19 | 23 |
| (*485 ) | 500 | 13 | 21 | 26 | 23 | 43 | 45 |
| M & S | 330 | 21 | 29 | 37 | 9 | 17 | 20 |
| (*341 ) | 360 | 8 | 15 | 22 | 26 | 33 | 36 |
| Sainsbury | 550 | 30 | 40 | 50 | 17 | 30 | 36 |
| (*559 ) | 600 | 10 | 19 | 29 | 47 | 59 | 64 |
| Shell Trans | 550 | 42 | 53 | 60 | 8½ | 15 | 23 |
| (*588 ) | 600 | 11 | 26 | 33 | 34 | 40 | 47 |
| Storehouse | 200 | 18 | 26 | 30 | 10 | 17 | 19 |
| (*203 ) | 220 | 18 | 17 | 22 | 22 | 28 | 31 |
| Trafalgar | 90 | 11 | 14 | 18 | 8 | 11 | 13 |
| (*91 ) | 100 | 6½ | 11 | 13 | 15 | 17 | 18 |
| Utd. Biscuits | 360 | 26 | 32 | 37 | 13 | 19 | 23 |
| (*377 ) | 390 | 11 | 17 | 24 | 31 | 37 | 43 |
| Unilever | 1150 | 37 | 60 | 82 | 42 | 56 | 64 |
| (*1150) | 1200 | 17 | 39 | 57 | 76 | 89 | 95 |

| Option | | Calls Feb | Calls May | Calls Aug | Puts Feb | Puts May | Puts Aug |
|---|---|---|---|---|---|---|---|
| Brit Aero | 360 | 24 | 40 | 52 | 10 | 31 | 42 |
| (*272 ) | 280 | 14 | 31 | 44 | 20 | 42 | 53 |
| BAA | 750 | 49 | 68 | 78 | 4 | 13 | 27 |
| (*788 ) | 800 | 13 | 36 | 49 | 21 | 36 | 48 |
| BAT Inds | 950 | 56 | 64 | 79 | 6 | 32 | 42 |
| (*991 ) | 1000 | 18 | 39 | 54 | 24 | 59 | 68 |
| BTR | 550 | 17 | 26 | 37 | 7 | 22 | 27 |
| (*559 ) | 600 | 2 | 6½ | 17 | 44 | 56 | 59 |
| Brit. Telecom | 420 | 9 | 23 | 23 | 8 | 16 | 23 |
| (*422 ) | 460 | 1 | 7 | 11 | 39 | 41 | 50 |
| Cadbury Sch | 460 | 14 | 24 | 34 | 7 | 24 | 29 |
| (*464 ) | 500 | 3 | 18 | 10 | 36 | 49 | 54 |
| Eastern Elec | 430 | 13 | - | - | 10 | - | - |
| (*433 ) | 460 | 3 | 14 | 21 | 31 | 37 | 51 |
| Guinness | 460 | 28 | 40 | 48 | 4½ | 19 | 27 |
| (*482 ) | 500 | 6½ | 19 | 33 | 22 | 41 | 46 |
| GEC | 280 | 18 | 26 | 30 | 2½ | 7 | 14 |
| (*295 ) | 500 | 5 | 14 | 19 | 9 | 16 | 23 |
| Hanson | 260 | 7 | 13½ | 17½ | 4½ | 12 | 17 |
| (*262 ) | 280 | 1 | 6 | 10 | 20 | 25 | 29 |
| LASMO | 160 | 10 | 19 | 28 | 6½ | 17 | 23 |
| (*166 ) | 180 | 3½ | 11 | 16 | 18 | 30 | 35 |
| Lucas Inds | 140 | 13 | 22 | 23 | 4½ | 12 | 13 |
| (*147 ) | 160 | 4 | 11 | 15 | 16 | 25 | 28 |
| P. & O. | 550 | 29 | 47 | 56 | 8 | 35 | 47 |
| (*569 ) | 600 | 7 | 24 | 34 | 37 | 70 | 77 |
| Pilkington | 100 | 11 | 19 | 24 | 4½ | 10 | 13 |
| (*107 ) | 110 | 6 | 13 | 18 | 8½ | 13 | 21 |
| Prudential | 300 | 21 | 27 | 31 | 2½ | 11 | 16 |
| (*318 ) | 330 | 4 | 12 | 17 | 16 | 27 | 32 |
| R.T.Z. | 650 | 33 | 46 | 61 | 8 | 30 | 38 |
| (*673 ) | 700 | 8 | 23 | 38 | 35 | 59 | 67 |
| Scot. & New | 420 | 26 | 41 | 48 | 4½ | 12 | 23 |
| (*439 ) | 460 | 5 | 19 | 29 | 22 | 32 | 43 |
| Tesco | 240 | 18 | 24 | 20 | 3 | 12 | 14 |
| (*251 ) | 260 | 5 | 13 | 18 | 12 | 21 | 25 |
| Thames Wtr | 460 | 39 | 50 | 55 | 2½ | 7½ | 16 |
| (*497 ) | 500 | 10 | 22 | 30 | 13 | 21 | 34 |
| Vodafone | 390 | 19 | 35 | 44 | 6½ | 18 | 27 |
| (*401 ) | 420 | 5 | 21 | 30 | 23 | 34 | 43 |

| Option | | Calls Mar | Calls Jun | Calls Sep | Puts Mar | Puts Jun | Puts Sep |
|---|---|---|---|---|---|---|---|
| Abbey Nat. | 360 | 19 | 26 | 34 | 14 | 20 | 27 |
| (*368 ) | 390 | 6 | 14 | 21 | 35 | 39 | 44 |
| Amstrad | 20 | 5½ | 6½ | 7 | 1½ | 1½ | 2½ |
| (*24 ) | 23 | 2½ | 3½ | 4 | 3½ | 4 | 4½ |
| Barclays | 420 | 26 | 35 | 43 | 22 | 30 | 48 |
| (*430 ) | 460 | 8½ | 18 | 27 | 50 | 35 | 65 |
| Blue Circle | 220 | 20 | 26 | 32 | 12 | 23 | 29 |
| (*225 ) | 240 | 9 | 19 | 23 | 24 | 35 | 42 |
| British Gas | 280 | 18 | 21 | 26 | 5½ | 14 | 17 |
| (*290 ) | 300 | 7 | 11½ | 15½ | 15½ | 23 | 28 |
| Dixons | 220 | 17 | 27 | 30 | 11 | 17 | 24 |
| (*226 ) | 240 | 9 | 17 | 21 | 23 | 28 | 35 |
| Eurotunnel | 420 | 47 | 65 | 79 | 15 | 22 | 35 |
| (*456 ) | 460 | 20 | 40 | 55 | 35 | 47 | 57 |
| Glaxo | 600 | 58 | 81 | 102 | 12 | 26 | 36 |
| (*648 ) | 650 | 28 | 54 | 72 | 34 | 51 | 59 |
| Hillsdown | 140 | 17 | 22 | 26 | 6 | 14 | 18 |
| (*148 ) | 160 | 7 | 12 | 13 | 17 | 27 | 31 |
| Lonrho | 70 | 7½ | 11½ | 14½ | 5½ | 8½ | 12 |
| (*73 ) | 80 | 3½ | 7½ | 10½ | 12 | 13 | 18 |
| HSBC 75p shs | 550 | 38 | 50 | 67 | 18 | 36 | 46 |
| (*569 ) | 600 | 16 | 29 | 43 | 46 | 66 | 73 |
| Nat'l Power | 280 | 26 | 34 | 38 | 5 | 11 | 17 |
| (*298 ) | 300 | 13½ | 22 | 26 | 14 | 19 | 26 |
| Reuters | 1400 | 52 | 84 | 113 | 59 | 90 | 108 |
| (*1400) | 1450 | 29 | 66 | 88 | 89 | 113 | 137 |
| R. Royce | 130 | 11½ | 16 | 19½ | 7½ | 13 | 15½ |
| (*135 ) | 140 | 6½ | 11½ | 15 | 29 | 31 | 33½ |
| Scot Power | 220 | 9 | 17 | 21 | 5½ | 11 | 18 |
| (*223 ) | 240 | 2 | 8 | 13 | 18 | 23 | 30 |
| Sears | 100 | 8 | 11 | 14 | 5 | 9 | 10 |
| (*103 ) | 110 | 4 | 6 | 9 | 11 | 14 | 17 |
| Forte | 180 | 13 | 19 | 24 | 8 | 19 | 22 |
| (*185 ) | 200 | 6 | 12 | 16 | 21 | 32 | 35 |
| Thorn EMI | 850 | 36 | 56 | 67 | 20 | 33 | 54 |
| (*860 ) | 900 | 14 | 33 | 43 | 50 | 62 | 85 |
| TSB | 160 | 11 | 16 | 20 | 8 | 11 | 15 |
| (*166 ) | 180 | 4 | 8 | 12 | 21 | 24 | 27 |
| Vaal Reefs | 38 | 6 | 6 | 6½ | 1½ | 4 | 4½ |
| (*534 ) | 35 | 2 | 4 | 4½ | 5½ | 5½ | 8 |
| Wellcome | 850 | 49 | 76 | 99 | 27 | 47 | 60 |
| (*864 ) | 900 | 21 | 53 | 75 | 57 | 73 | 85 |

EURO FT-SE INDEX (*2864)

| | 2725 | 2775 | 2825 | 2875 | 2925 | 2975 | 3025 | 3075 |
|---|---|---|---|---|---|---|---|---|
| CALLS | | | | | | | | |
| Feb | 147 | 100 | 60 | 31 | 12 | 4 | 1½ | - |
| Mar | 163 | 123 | 87 | 58 | 35 | 21 | 12 | 7 |
| Apr | 180 | - | 110 | - | 58 | - | 26 | - |
| Jun | 205 | - | 139 | - | 88 | - | 54 | - |
| Sep | - | - | - | - | 145 | - | - | - |
| PUTS | | | | | | | | |
| Feb | 5 | 8 | 16 | 37 | 71 | 113 | 161 | - |
| Mar | 13 | 24 | 38 | 59 | 87 | 122 | 162 | 207 |
| Apr | 27 | - | 55 | - | 103 | - | 170 | - |
| Jun | - | - | - | - | - | - | - | - |
| Sep | - | - | - | - | 155 | - | - | - |

FT-SE INDEX (*2864)

| | 2700 | 2750 | 2800 | 2850 | 2900 | 2950 | 3000 | 3050 |
|---|---|---|---|---|---|---|---|---|
| CALLS | | | | | | | | |
| Feb | 172 | 125 | 80 | 43 | 18 | 7 | 2 | 1 |
| Mar | 186 | 145 | 106 | 73 | 47 | 20 | 13 | 8 |
| Apr | 200 | 159 | 123 | 92 | 67 | 47 | 32 | 21 |
| May | 215 | 179 | 144 | 114 | 88 | 67 | 49 | 36 |
| Jun | 226 | - | 156 | - | 101 | - | 62 | - |
| Dec † | 305 | - | 245 | - | 185 | - | 140 | - |
| PUTS | | | | | | | | |
| Feb | 2½ | 5 | 10 | 25 | 53 | 92 | 142 | 192 |
| Mar | 15 | 19 | 32 | 50 | 76 | 108 | 148 | 192 |
| Apr | 24 | 32 | 45 | 65 | 90 | 120 | 156 | 196 |
| May | 35 | 48 | 63 | 85 | 106 | 137 | 169 | 208 |
| Jun | 44 | - | 74 | - | 118 | - | 179 | - |
| Dec † | 96 | - | 120 | - | 162 | - | 220 | - |

February 5 Total Contracts 32,499
Calls 19,610 Puts 12,889
FT-SE Index Calls 2,877 Puts 4,044
Euro FT-SE Calls 2,065 Puts 773
*Underlying security price. † Long dated expiry mths.
Premiums shown are based on closing offer prices.

## TRADITIONAL OPTION 3-month call rates

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| ■ INDUSTRIALS | p | Cadburys | 36 | HSBC (75p shs) | 39 | Ratners | 3 | Land Sec. | 40 |
| Allied-Lyons | 50 | Charter Cons. | 52 | Hanson | 20 | Reed Intl | 52 | MEPC | 30 |
| Amstrad | 3½ | Comm Union | 52 | ICI | 75 | Sears | 9 | Mountleigh | 4 |
| Astec (BSR) | 3½ | Courtaulds | 48 | Ladbroke | 15 | SmKl Bchm A | 40 | ■ OILS | |
| BAT Inds | 75 | Eurotunnel | 30 | Legal & Gen | 38 | TI | 28 | Arcon Intl. | 32 |
| BOC | 58 | FKI | 12 | Lex Service | 15 | TSB | 12 | Aviva Pet | 5 |
| BTR | 41 | FNFC | 7 | Lloyds Bank | 45 | Tesco | 20 | BP | 21 |
| Barclays | 30 | Forte | 14 | Lonrho | 7 | Thorn EMI | 70 | Burmah Castrol | 60 |
| Blue Circle | 22 | GKN | 40 | Lucas Inds | 13 | T & N | 15 | Premier Cons | 3 |
| Boots | 42 | Gen Accident | 31 | Marks Spencer | 25 | Unilever | 72 | Shell | |
| Bowater | 40 | GEC | 22 | NatWest Bank | 30 | Vickers | 9 | ■ MINES | |
| Brit Aerospace | 24 | Glaxo | 55 | P & O Dfd | 40 | Wellcome | 75 | RTZ | 52 |
| British Steel | 8 | Grand Met | 40 | Racal Elect | 12 | ■ PROPERTY | | | |
| Brit Telecom | 28 | GRE | 15 | Rank Org | 53 | Brit Land | 7 | | |

## FT FIXED INTEREST INDICES

| | Feb 5 | Feb 4 | Feb 3 | Feb 2 | Feb 1 | Year ago | High * | Low * |
|---|---|---|---|---|---|---|---|---|
| Govt Secs (UK) | 95.37 | 95.41 | 95.26 | 95.27 | 95.21 | 88.17 | 95.54 | 85.11 |
| Fixed Interest | 110.98 | 110.98 | 110.87 | 110.75 | 109.84 | 100.99 | 110.98 | 97.15 |

* for 1992/93. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75) Fixed interest high since compilation: 110.98 (4/2/93), low 50.53 (3/1/75) Basis 100 Government Securities 15/10/26. Fixed Interest 1928

## GILT EDGED ACTIVITY

| | Gilt edged bargains* | 5-Day Average |
|---|---|---|
| Feb 4 | 167.1 | 173.4 |
| Feb 3 | 157.0 | 165.5 |
| Feb 2 | 205.7 | 166.0 |
| Feb 1 | 158.4 | 180.2 |
| Jan 29 | 163.5 | 173.8 |

* SE activity indices rebased 1974

## COMMODITIES

### WEEK IN THE MARKETS

# Coffee prices shrug off pact blues

COFFEE TRADERS were not unduly dismayed this week as the International Coffee Organisation's two-week negotiating session made negligible progress towards a new price-supporting international agreement – they had expected nothing better.

About all producer and consumer negotiators at the ICO could claim to have achieved as the meeting drew to a close yesterday was the identification and clarification of their differences.

While they have agreed to meet again at the the end of March, they will have an uphill task to meet the March 31 deadline for renewing the agreement. Brazil, the biggest producer, yesterday accused some important consumer countries of lacking the political will to reach an understanding. Its delegation issued a statement stressing its "disappointment and frustration at the lack of progress in what was to be the decisive phase in the negotiation of a new international coffee agreement".

No attempt has been made so far to tackle crucial points such as how to determine the size of export quotas or the price range to be defended; and significant divisions remain on "selectivity" between different coffee types within the quota system and "automaticity", the rolling forward of quotas from the end of one coffee year to the beginning of the next.

If the market was disturbed at the negotiators' performance it did not show it. The May robustas price at the London Futures and Options Exchange closed yesterday at $922 a tonne, up $27 on the week and $18 higher than the level ruling before the ICO talks began.

Initial disappointment as early hopes for the negotiations evaporated had sent the price down to $801 a tonne at one stage last week, but that fall was quickly recovered. Since then the market, while keeping a jaundiced eye on the ICO session, has been more interested in the tightening fundamental supply/demand situation and the activities of the powerful New York investment funds. Mass movements of investment fund money have been largely responsible for the wide fluctuations in coffee prices in recent months and expectations of lower production in Brazil have recently been inclining the fund managers to the side of the bulls.

The cocoa market has no such fundamental factors to prop it up. With oversupply continuing and talk circulating that recent arrivals from the Ivory Coast, the biggest producer, have been higher than was expected the market came under further pressure this week. The May futures position in London closed yesterday at £708 a tonne, down an apparently modest £8 on the week; but the fall would have been more than £20 a tonne had it not been for the decline in sterling against the dollar. On the New York market May cocoa futures, which ended last week at $941 a tonne, were quoted at $906 a tonne in late trading yesterday.

World sugar prices continued the recent slide, the May futures price in New York reaching 8.46 cents a lb in late trading yesterday, down 11 cents on the week. The bearish mood of the market did not appear to be materially affected by news yesterday that E.D.F. Man, the London trade house, had cut its estimate of the 1992-93 world supply surplus from 3.44m tonnes to 1.47m tonnes.

At the London Metal Exchange most attention was directed at the zinc market,

LME WAREHOUSE STOCKS
(As at Thursday's close)
tonnes

| | | |
|---|---|---|
| Aluminium | +175 | to 1,628,375 |
| Copper | +1,875 | to 315,475 |
| Lead | -700 | to 233,750 |
| Nickel | +125 | to 79,338 |
| Zinc | +7,400 | to 532,775 |
| Tin | +80 | to 17,005 |

which had moved up sharply late last week on news of a production cut at Pasminco of Australia and this week was presented with further output reduction announcements by Cominco of Canada and Metallgesellschaft's Ruhr-Zinc of Germany.

Any hopes that a law of accumulating returns might apply as the output cuts mounted were quickly dashed. The Pasminco cut (25,600 tonnes this year) helped the LME's zinc price up to $1,137 a tonne initially; Cominco's (50,000 tonnes) did only marginally better than that at $1,140 a tonne; and the peak inspired yesterday by Ruhr-Zinc's (30,000 tonnes) was a decidedly disappointing $1,135. At the close three months zinc was quoted at $1,128 a tonne, up $10 on the week.

While the latest round of cuts has more than tripled this year's expected zinc deficit dealers point out that they still look pretty modest in comparison with the 1m tonnes in western world stocks.

Copper prices were firm, ending about $9 a tonne higher on the week. But once again the pound's weakness made the sterling-denominated market look stronger than it was, with three months metal showing a £40 gain to £1,555.75 a tonne. The underlying steadiness was a reflection of concern over strike worries in Mexico and Chile, dealers said.

Platinum group metals finished the week with their tails up as the outlook seemed to improve for world industry in general and motor manufacturers in particular. Platinum, the biggest outlet for which is the automotive catalyst market, rallied by $2.25 yesterday to $360.75 a troy ounce, down $3.75 on the week, as buyers were encouraged by German and Japanese interest rate cuts and improving US economic indicators. But it was outrun by its sister metal palladium, another catalyst metal, which was fixed in London at a 30-month high of $114.90 an ounce, up $2.55 on the week. Palladium's extra strength was prompted by concern over supplies from the former Soviet Union, dealers said.

The London gold price, having been under pressure throughout the week, ended yesterday at the bottom of the range, pressing against support at $328 an ounce.

**Richard Mooney**

## FT-ACTUARIES FIXED INTEREST INDICES

| | PRICE INDICES | Fri Feb 5 | Day's change % | Thu Feb 4 | Accrued interest | xd adj. 1993 to date |
|---|---|---|---|---|---|---|
| | British Government | | | | | |
| 1 | Up to 5 years (23) | 129.08 | +0.04 | 129.04 | 1.27 | 1.87 |
| 2 | 5-15 years (23) | 147.30 | -0.01 | 147.31 | 1.98 | 1.81 |
| 3 | Over 15 years (8) | 153.31 | -0.06 | 153.39 | 1.55 | 1.28 |
| 4 | Irredeemables (6) | 174.47 | +0.28 | 174.12 | 2.76 | 8.00 |
| 5 | All stocks (60) | 143.43 | ........ | 143.45 | 1.69 | 1.67 |
| | Index-Linked | | | | | |
| 6 | Up to 5 years (2) | 186.80 | +0.85 | 185.98 | 1.38 | 0.00 |
| 7 | Over 5 years (11) | 168.84 | +0.25 | 188.42 | 8.69 | 0.62 |
| 8 | All stocks (13) | 169.95 | +0.22 | 189.57 | 0.77 | 6.55 |
| 9 | Debs & Loans (62) | 125.90 | +0.04 | 125.85 | 3.05 | 6.26 |

| | AVERAGE GROSS REDEMPTION YIELDS | | Fri Feb 5 | Thu Feb 4 | Year ago (approx.) | 1992/93 High | 1992/93 Low |
|---|---|---|---|---|---|---|---|
| | British Government | | | | | | |
| 1 | Low | 5 years | 6.47 | 6.37 | 8.78 | 18.03 15/9 /92 | 6.35 3 /2 /93 |
| 2 | Coupons | 15 years | 8.06 | 8.06 | 9.15 | 9.72 1 /4 /92 | 8.06 4 /2 /93 |
| 3 | (0%-7¾%) | 20 years | 8.39 | 8.39 | 9.15 | 9.72 1 /4 /92 | 8.34 12/11/92 |
| 4 | Medium | 5 years | 6.98 | 6.97 | 9.46 | 18.28 1 /4 /92 | 6.97 3 /2 /93 |
| 5 | Coupons | 15 years | 8.56 | 8.54 | 9.25 | 9.82 1 /4 /92 | 8.47 11/11/92 |
| 6 | (8%-10¾%) | 20 years | 8.73 | 8.73 | 9.20 | 9.76 1 /4 /92 | 8.71 12/11/92 |
| 7 | High | 5 years | 7.16 | 7.17 | 9.69 | 10.50 1 /4 /92 | 7.18 5 /2 /93 |
| 8 | Coupons | 15 years | 8.85 | 8.83 | 9.33 | 9.96 1 /4 /92 | 8.76 11/11/92 |
| 9 | (11%-) | 20 years | 8.95 | 8.91 | 9.25 | 9.90 5 /10/92 | 8.87 11/11/92 |
| 10 | Irredeemables (Flat Yield) | | 8.78 | 8.78 | 9.33 | 9.92 2 /4 /92 | 8.69 11/11/92 |
| | Index-Linked | | | | | | |
| 11 | Inflation rate 5% | Up to 5yrs. | 2.17 | 2.17 | 3.87 | 5.06 16/9 /92 | 2.07 28/1 /93 |
| 12 | Inflation rate 5% | Over 5 yrs. | 3.68 | 3.69 | 4.28 | 4.76 16/9 /92 | 3.67 36/10/92 |
| 13 | Inflation rate 10% | Up to 5 yrs. | 1.37 | 1.36 | 3.24 | 4.23 16/9 /92 | 1.23 28/1 /93 |
| 14 | Inflation rate 10% | Over 5 yrs. | 3.56 | 3.51 | 4.18 | 4.56 18/9 /92 | 3.49 36/10/92 |
| 15 | Debs & | 5 years | 8.73 | 8.73 | 10.89 | 11.51 6 /4 /92 | 8.62 11/11/92 |
| 16 | Loans | 15 years | 9.64 | 9.64 | 10.66 | 11.22 6 /4 /92 | 9.62 2 /2 /93 |
| 17 | | 25 years | 9.84 | 9.84 | 10.50 | 11.02 8 /4 /92 | 9.83 2 /2 /93 |

# Ciments Français confirms full-year loss of FFr1bn

By Alice Rawsthorn in Paris

CIMENTS Français, the ailing French cement group that has been clouded by controversy since the discovery last autumn of FFr1.05bn ($192m) off-balance sheet dealings, yesterday confirmed that it made a net loss of FFr1bn last year.

The group, which made net profits of FFr401m on turnover of FFr16.45bn in 1991 and has disclosed a deficit of FFr740m for the first half of last year, will publish its full 1992 results on March 19.

However, it verified yesterday, following a French press report, that it made a net loss of about FFr260m in the second half, bringing the total loss for the year to FFr1bn.

Ciments Français would not comment on the likely level of provisions for the second half. The off-balance sheet dealings produced exceptional losses of FFr655m during the first half, when it was affected by the sluggish state of the European construction industry.

The French cement group, which fired its chairman, Mr Pierre Conso, when the off-balance sheet dealings came to light, is still waiting for the completion of an investigation by the Spanish stock market authorities into its investment in Camentos Molinos, the Spanish cement company.

The Ciments Français scandal has implications for Paribas, the prominent French investment bank which still holds a significant stake in the company and was, until last spring, its controlling shareholder. Paribas has been forced to repay FFr500m of the FFr6bn it received last year for a controlling holding in Ciments Français from Italcementi, the Italian cement group.

This reduced its profit on the sale to FFr500m excluding its share of Ciments Français's 1992 losses.

In the first half, Paribas's share of the cement company's losses amounted to FFr400m. Its share of losses in the second half is expected to be about FFr100m, making the full-year losses roughly equal to its potential profit on the renegotiated deal.

Mr André Levy-Lang, Paribas' chairman, last week announced that the group had made a net profit of about FFr900m in 1992.

# US trade commission close to Microsoft ruling

By Louise Kehoe in San Francisco

THE US Federal Trade Commission met yesterday to decide what action, if any, it should take against Microsoft, the world's largest computer software company, following a two-and-a-half year anti-trust investigation.

The subject of the commissioners' deliberations, and the extensive FTC investigation, have never been officially confirmed. However, according to numerous computer industry executives who have provided testimony to FTC investigators, the government agency has focused upon business practices that have helped Microsoft to become a dominant force in the market for personal computer software.

Investigators from the FTC's Bureau of Competition are reported to have recommended that the commission seek court injunctions against Microsoft to halt allegedly unfair practices.

According to Microsoft competitors, these practices include the way the company sells and prices its PC operating system, MS-DOS, which controls the basic functions of a PC. Microsoft offers discounts to PC manufacturers who agree to pay Microsoft a royalty fee for every PC they sell, whether or not the buyer chooses to use the program.

Since MS-DOS is the standard PC operating system it is used by the vast majority of PC buyers. However, companies that offer alternative programs argue that they do not have an opportunity to compete.

Another issue said to have been investigated by the FTC involves the alleged tying of sales of applications programs to those of operating systems in which Microsoft holds a virtual monopoly.

Microsoft competitors have expressed concerns to FTC investigators about the company's alleged practice of favouring its own applications programs developers by giving them early access to new versions of operating system software, thus putting competitors at a disadvantage.

Microsoft has denied any wrongdoing and says that it is co-operating with the FTC investigation.

While the FTC could in theory file anti-trust charges against Microsoft demanding that the company be broken apart, this is not expected. There is also a possibility that the FTC could decide that no action should be taken against the company.

However, industry analysts say a middle course is more likely. The FTC might, for example, seek a court order prohibiting Microsoft's operating system and applications divisions from sharing information. Or the company might be ordered to halt its operating system licensing practices. Any such action would not have a significant impact upon Microsoft's sales, industry analysts said.

To limit the effects of the FTC's decision, Microsoft could decide to circumvent a potentially lengthy trial by entering a consent degree, agreeing to the FTC's demands.

Mr Bill Gates, Microsoft chairman and chief executive, is said to favour bringing the matter to a close as quickly as possible.

Bill Gates: favours bringing the matter to a quick closure

Microsoft lawyers have been in regular communication with the FTC and were poised yesterday to respond to the commission's decision.

Also eagerly awaiting the outcome of the commission's deliberations were Microsoft's numerous competitors in the PC software market.

# Petrofina falls 72% to BFr4.6bn

By David Gardner in Brussels

CONSOLIDATED profits at Petrofina, one of Belgium's largest industrial groups, fell by 72 per cent last year, to BFr4.6bn ($135.3m) from BFr16.3bn in 1991.

Petrofina halved its dividend – the first pay-out reduction since 1959 – to a net BFr210 per share. Though the company warned of the cut in mid-December, Petrofina shares fell 2.1 per cent to BFr7,370 yesterday, accounting for about a tenth of high turnover on the Brussels bourse.

The results reflected low crude prices, sharp pressure on basic refining profit margins, falling margins in petrochemicals because of overcapacity in the industry, and losses at Fina, the group's US subsidiary. Industry analysts said the drop in refining margins – of between $1 and $2 a barrel – could account for two-thirds of the fall in income.

Petrofina stressed that consolidated profit before extraordinary items, mainly new US accounting standards to cover post-retirement health care benefits, was estimated at BFr7.9bn, against BFr15.8bn in 1991.

One brokerage firm read this emphasis as anxiety to demonstrate that even the halved dividend payment, worth about BFr6.5bn, was covered by current earnings.

The group's investment budget this year has been set at BFr38bn, down from BFr42bn last year.

The investment will be centred on modernising its Antwerp refining facilities.

Net debt to equity in its 1991 balance sheet was 66 per cent, up from 34 per cent in 1989, one market analyst underlined. In spite of some disposals and pulling back from projects, this ratio was expected to have crept up; full 1992 results are not due until May.

Fina, the US arm, turned in a loss for the full year of $10.2m, against net earnings of $42m in 1991 and $125m in 1990.

A decision is still awaited on three-year long negotiations with Arabian Petroleum, the private Saudi Arabian company on a joint venture involving Fina selling APC its downstream assets for about $500m. The Saudi government is believed still not to have made up its mind whether to bless the deal.

# Renault disappoints in final term

By Alice Rawsthorn

RENAULT, the state-controlled French car company yesterday added to the gloomy mood of the European motor industry, when it announced that it just managed to break even in the final quarter of 1992 having made a healthy profit in the first three quarters of the year.

The Renault announcement, which came only a few days after the collapse of Daf, the Dutch commercial vehicle manufacturer, reflects the cost of rationalising the French group's operations and the problems of Volvo, its Swedish partner.

Renault doubled pre-tax profits to FFr7.43bn ($1.38bn) in the first nine months of 1992, from FFr2.93bn in the corresponding period of the previous year.

The group also achieved a healthy increase in sales to FFr135.26bn from FFr122.22bn over the same period.

Last year was Renault's most successful year in terms of volume sales since 1983. The group sold 2m cars and 1.87m light commercial vehicles, thanks to strong growth in France and gains in market share within the declining European market.

Mr Louis Schweitzer, Renault's chairman, had previously warned that its performance had deteriorated in the final quarter of the year.

This was partly due to the problems at the Volvo group. Renault's share of the Swedish company's losses in the first three quarters of last year amounted to FFr40m.

However, Renault was also hit by the cost of its ongoing rationalisation which has reduced its workforce by a quarter in the past five years. The group plans to cut the workforce by another 2,249 people in 1993.

Moreover, it suffered from the impact of the September currency crisis which strengthened the French franc against other European currencies thereby reducing Renault's reported profits and making it more difficult for the French company to remain cost-competitive in its export markets.

# Campbell finds the boardroom locked

## The US group has 58% of Arnotts but no control of its board. **Kevin Brown** reports.

FOUR months after launching a bitterly contested takeover offer, Campbell Soup, the US food group, finds itself the owner of 58 per cent of Arnotts, the Australian biscuit company. One question remains: what happens now?

Campbell's A$8.80 a share bid was intended to deliver control of Arnotts by increasing its shareholding from 32.9 per cent to at least 50.1 per cent. In the event, the US group comfortably exceeded the target, after increasing the offer to A$9.50 and extending it for a week. Campbell increased its holding by just over four percentage points on the final day as a number of financial institutions and small shareholders responded to the AMP Society's decision to accept the offer.

AMP, Australia's largest financial institution, sold a 6.3 per cent stake in Arnotts to Campbell on Thursday, propelling the US group past its target holding of 50.1 per cent.

On a superficial level, the outcome is a triumph for Mr David Johnson, Campbell's Australian-born chief executive, who resisted institutional pressure for a higher price, correctly gambling that sufficient institutional investors would eventually accept A$9.50.

It became clear that Mr Johnson's judgment had paid off when the AMP Society, Australia's biggest financial institution, sold a 6.3 per cent shareholding.

However, Campbell's relationship to Arnotts underwent an unexpected transformation during the campaign after Schroders Australia, the biscuit group's adviser, spotted a surprise legal defence.

The defence related to an agreement drawn up between Arnotts and Campbell in 1985, when the US group took a friendly shareholding as part of Arnotts' defence against an unwelcome bid from Bond Corporation Holdings.

The New South Wales courts initially ruled that the agreement was meaningless. However, the appeal court subsequently judged that it prevented Campbell from using its shareholding to elect directors, unless it acquires at least 85.1 per cent of the shares.

The effect was to prevent Campbell taking control of Arnotts' board, even though it owns more than half of the company. Campbell will not even be able to influence the appointment of replacements for directors who retire.

Mr Bill Purdy, chairman of Arnotts, says Campbell's shareholding gives it no moral rights on the board, and rules out a voluntary agreement to scrap the voting restrictions.

The only way Campbell can overcome the terms of the agreement, he says, is to make a second offer which would be recommended by the board – probably A$11 a share.

'Campbell intends to see that Arnotts invests considerably more than in the past, creating opportunities for Australia'

This is precisely the course which Campbell resisted during the takeover battle, but it is one which analysts say may be forced on the group if it is serious about winning control.

Alternatively, Campbell could seek permission from the federal government and the Australian Securities Commission to utilise the creeping takeover provisions of the corporations law, which would allow it to acquire 3 per cent of the stock every six months at the market price.

However, even if regulatory permission was granted, Campbell would find it difficult to achieve the 85.1 per cent target shareholding because more than 20 per cent of the stock is in the hands of family shareholders, many of whom have said they will not sell under any circumstances.

As a result, Campbell has spent about A$330m (US$223m) to acquire a majority shareholding in a company it cannot control. Analysts say its lack of influence may even prevent the consolidation of Arnotts' earnings under US accounting law.

Mr Johnson, putting a brave face on the outcome, says Campbell is now the dominant shareholder in Arnotts. He says Campbell "intends to see that Arnotts invests considerably more than in the past, creating opportunities for Australia, and positioning Arnotts to compete in Asia against larger and more established companies".

'Arnotts remains prepared to co-operate with Campbell, especially in the increasingly sophisticated Asian market'

Mr Purdy says Arnotts remains prepared to co-operate with Campbell, especially in the increasingly sophisticated Asian market. However, it is not clear whether the two companies will be able to agree on how to go about it.

Campbell, which manufactures the up-market Pepperidge Farm brand in the US, wants to use the more comprehensive Arnotts range as a pan-Asian regional brand, to be handled by the US group's extensive marketing and distribution organisation.

Arnotts, which most analysts think has been slow to identify Asian opportunities, is more interested in negotiating joint venture agreements with Asian manufacturers, which it believes are more capable of exploiting local markets.

The Australian group's strategic planning has been given a significant stimulus by the takeover offer, and it is likely to resist Campbell's attempts to entice it into a closer alliance.

Meanwhile, one of the most important lessons to emerge from the takeover battle is the success of Arnotts' appeal to economic nationalism, which formed an important part of Schroders' defence strategy.

So effective was the nationalist campaign that the AMP's decision to sell part of its holding, taken on strictly commercial grounds, provoked a significant degree of public outrage.

Talkback radio stations reported that more than 95 per cent of callers criticised the AMP. One family shareholder said the society was either desperate or naive.

# WORLD COMMODITIES PRICES

| WEEKLY PRICE CHANGES | Latest prices | Change on week | Year ago | High 1992/93 | Low 1992/93 |
|---|---|---|---|---|---|
| Gold per troy oz. | $328 | -2.35 | $356.4 | $358.40 | $327.35 |
| Silver Per troy oz | 254.0p | +7.25 | 231.13p | 254.00p | 187.58p |
| Aluminium 99.7% (cash) | $1206.75 | +4.25 | $1249.5 | $1339.0 | $1105.5 |
| Copper Grade A (cash) | £1534.5 | +37 | £1190.0 | £1561.0 | £1125.0 |
| Lead(cash) | £289 | +3.5 | £279 | £383.5 | £277.50 |
| Nickel (cash) | $5862.5 | +62.5 | $7895 | $8195.0 | $5315 |
| Zinc SHG (cash) | $1109 | +10 | $1141 | $1457.5 | $1019.0 |
| Tin (cash) | $5812.5 | -27.5 | $5570 | $7115.0 | $5425.0 |
| Cocoa Futures (May) | £708 | -8 | £708 | £751 | £523 |
| Coffee Futures (Mar) | $931 | +33 | £472 | $1039 | $676 |
| Sugar (LDP Raw) | $209.0 | -4.0 | $199.3 | $272.e | $193 |
| Barley Futures (May) | £139.1 | +3.1 | £120.40 | £139.10 | £106.90 |
| Wheat Futures (May) | £144.60 | +3.75 | £126.50 | £144.60 | £109.85 |
| Cotton Outlook A Index | 60.25c | +2.00 | 57.10c | 65.80c | 52.25c |
| Wool (64s Super) | 405p | +15 | 421p | 480p | 364p |
| Oil (Brent Blend) | $18.53x | +0.065 | $18.125 | $21.30 | $17.00 |

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb. x-Mar.

## London Markets

SPOT MARKETS

| Crude oil (per barrel FOB)(Mar) | | + or - |
|---|---|---|
| Dubai | $16.05-6.10 | |
| Brent Blend (dated) | $18.63-8.64 | -.070 |
| Brent Blend (Mar) | $18.52-8.54 | -.065 |
| W.T.I (1 pm est) | $20.24-0.27 | -.065 |
| **Oil products** (NWE prompt delivery per tonne CIF) | | + or - |
| Premium Gasoline | $193-195 | |
| Gas Oil | $174-175 | +1 |
| Heavy Fuel Oil | $70-72 | |
| Naphtha | $178-180 | -0.5 |
| Petroleum Argus Estimates | | |
| **Other** | | + or - |
| Gold (per troy oz)♣ | $328.0 | -0.15 |
| Silver (per troy oz)♣ | 367.5c | |
| Platinum (per troy oz) | $360.75 | +2.25 |
| Palladium (per troy oz) | $114.50 | +2.75 |
| Copper (US Producer) | 104.5c | +0.5 |
| Lead (US Producer) | 33.5c | |
| Tin (Kuala Lumpur market) | 15.00r | +0.16 |
| Tin (New York) | 258.0c | |
| Zinc (US Prime Western) | 62.0c | |
| Cattle (live weight) | 121.74p | +2.31* |
| Sheep (live weight)♦ | 89.63p | +3.39* |
| Pigs (live weight) | 80.49p | +0.91* |
| London daily sugar (raw) | $209.0 | +2.8 |
| London daily sugar (white) | $261.5 | +2.5 |
| Tate and Lyle export price | £253.5 | +1.5 |
| Barley (English feed) | £138.0z | |
| Maize (US No. 3 yellow) | £165.0 | |
| Wheat (US Dark Northern) | Unq | |
| Rubber (Mar)¶ | 69.25p | |
| Rubber (Apr)¶ | 69.50p | |
| Rubber (KL RSS No 1 Feb) | 238.0m | -0.5 |
| Coconut oil (Philippines)§ | $440.0y | -10.0 |
| Palm Oil (Malaysian)§ | $422.5w | |
| Copra (Philippines)§ | $282.5 | -5.0 |
| Soyabeans (US) | £193.5u | +1.0 |
| Cotton "A" index | 60.25c | +1.05 |
| Wooltops (64s Super) | 405p | |

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. y-Mar/Apr. u-Feb/Apr. z-Aug. w-Feb/Mar. ¶London physical. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg. ♦Sheep prices are now live weight prices. * change from a week ago, provisional prices.

SUGAR – London FOX ($ per tonne)

| Raw | Close | Previous | High/Low |
|---|---|---|---|
| Mar | 184.50 | 185.00 | |
| **White** | **Close** | **Previous** | **High/Low** |
| Mar | 252.00 | 253.50 | 253.50 251.40 |
| May | 254.50 | 255.40 | 255.30 253.00 |
| Aug | 256.80 | 258.00 | 258.50 256.50 |
| Oct | 241.00 | 243.40 | 242.30 240.70 |
| Dec | 241.50 | 241.30 | |

Turnover: Raw 0 (26) lots of 20 tonnes. White 2855 (860) Paris- White (FFr per tonne): Mar 1445.00 May 1460.23

CRUDE OIL – IPE $/barrel

| | Latest | Previous | High/Low |
|---|---|---|---|
| Mar | 18.57 | 18.56 | 18.60 18.40 |
| Apr | 18.55 | 18.53 | 18.57 18.38 |
| May | 18.50 | 18.56 | 18.60 18.44 |
| Jun | 18.62 | 18.62 | 18.62 18.46 |
| Jul | 18.63 | 18.60 | 18.63 18.49 |
| Aug | 18.60 | 18.63 | 18.60 18.53 |
| Sep | 18.63 | 18.70 | 18.63 18.56 |
| Oct | 18.68 | 18.73 | 18.68 18.59 |
| Nov | | 18.86 | 18.86 18.50 |
| IPE Index | 18.51 | 18.29 | |

Turnover 17725 (35371)

GAS OIL – IPE $/tonne

| | Close | Previous | High/Low |
|---|---|---|---|
| Feb | 169.75 | 169.50 | 170.50 169.00 |
| Mar | 171.25 | 171.25 | 172.00 170.50 |
| Apr | 170.50 | 171.25 | 171.00 170.50 |
| May | 170.25 | 170.75 | 170.75 170.25 |
| Jun | 170.50 | 170.75 | 170.75 170.50 |
| Jul | 172.00 | 172.25 | 172.25 171.50 |
| Aug | 173.75 | 174.00 | 173.75 173.50 |

Turnover 20181 (19266) lots of 100 tonnes

FRUIT & VEGETABLES

Bramley apples are this weeks best fruit buy at 30-35p a lb (30-35p), along with other apple varieties such as English Russet and British Columbia Red Delicious, both at 45-50p a lb (45-50p), reports FFVIB. Navel oranges at 10-30p each (10-30p) and white-fleshed grapefruit at 12-25p each (12-25p) round off this weeks best fruit buys. Savoy Cabbages at 25-35p a lb (25-35p), broccoli at 45-50p per 8oz pre-pack (45-50p) and carrots at 18-20p a lb (18-20p) are all excellent vegetable choices. Round lettuce at 25-30p each (30-35p) and Spanish celery at 60-69p a head (60-65p) are good buys.

COCOA – London FOX £/tonne

| | Close | Previous | High/Low |
|---|---|---|---|
| Mar | 697 | 696 | 700 684 |
| May | 708 | 704 | 710 694 |
| Jul | 722 | 719 | 723 708 |
| Sep | 737 | 735 | 738 723 |
| Dec | 757 | 755 | 757 743 |
| Mar | 777 | 774 | 779 764 |
| May | 792 | 790 | 790 780 |
| Jul | 806 | 806 | 805 800 |
| Sep | 821 | 821 | 823 012 |
| Dec | 848 | 848 | 547 843 |

Turnover: 8210 (10917) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Feb 4 700.20 (711.47) 10 day average for Feb 3 731.76 (738.53)

COFFEE – London FOX $/tonne

| | Close | Previous | High/Low |
|---|---|---|---|
| Mar | 932 | 930 | 935 921 |
| May | 931 | 928 | 935 920 |
| Jul | 919 | 917 | 924 908 |
| Sep | 925 | 925 | 921 917 |
| Nov | 941 | 940 | 925 |
| Jan | 950 | 955 | 935 |

Turnover: 1385 (2587) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Feb 4: Comp. daily 56.97 (57.73) 15 day average 56.40 (56.71)

POTATOES – London FOX £/tonne

| | Close | Previous | High/Low |
|---|---|---|---|
| Apr | 47.5 | 49.4 | 48.5 47.0 |
| May | 65.0 | 68.0 | 66.5 65.0 |

Turnover 37 (168) lots of 20 tonnes.

SOYAMEAL – London FOX £/tonne

| | Close | Previous | High/Low |
|---|---|---|---|
| Apr | 157.00 | 157.90 | 157.00 |
| Jun | 147.00 | 145.80 | 147.00 |

Turnover 50 (60) lots of 20 tonnes.

FREIGHT – London FOX $10/index point

| | Close | Previous | High/Low |
|---|---|---|---|
| Feb | 1313 | 1290 | 1305 1300 |
| Mar | 1328 | 1314 | 1328 1313 |
| Apr | 1310 | 1304 | 1310 1305 |
| Jul | 1176 | 1170 | 1175 1159 |
| Oct | 1358 | 1340 | 1346 |
| BFI | 1292 | 1274 | 1282 |

Turnover 380 (160)

GRAINS – London FOX £/tonne

| Wheat | Close | Previous | High/Low |
|---|---|---|---|
| Mar | 143.20 | 143.30 | 143.20 142.25 |
| May | 144.60 | 143.50 | 144.60 143.85 |
| Jul | 145.40 | 144.60 | 144.60 144.55 |
| Sep | 111.25 | 111.60 | 111.00 111.25 |
| Nov | 113.00 | 113.00 | 113.05 112.95 |
| Jan | 118.25 | | 118.75 118.35 |
| **Barley** | **Close** | **Previous** | **High/Low** |
| Mar | 139.10 | 137.50 | 139.10 137.50 |
| May | 139.10 | 138.00 | 139.10 137.80 |
| Sep | 109.00 | 109.30 | 109.25 109.00 |
| Nov | 112.90 | 112.00 | 111.75 |

Turnover: Wheat 422 (346), Barley 233 (110). Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg

| | Close | Previous | High/Low |
|---|---|---|---|
| Apr | 106.0 | 107.0 | |

Turnover 0 (5) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

| | Close | Previous | High/Low | AM Official | Kerb close | Open Interest |
|---|---|---|---|---|---|---|
| **Aluminium, 99.7% purity ($ per tonne)** | | | | | Total daily turnover 37,386 lots | |
| Cash | 1206.5-7 | 1202-3 | 1202.5 | 1202.5-3 | | |
| 3 months | 1228-8.5 | 1224-4.5 | 1229.5/1223 | 1223.5-4 | 1228-8.5 | 169,552 lots |
| **Copper, Grade A (£ per tonne)** | | | | | Total daily turnover 30,657 lots | |
| Cash | 1534-5 | 1536.5-9.5 | 1534.5/1534 | 1534-4.5 | | |
| 3 months | 1555.5-6 | 1560-1 | 1563/1552 | 1555-5.5 | 1562-3 | 133,586 lots |
| **Lead (£ per tonne)** | | | | | Total daily turnover 2,073 lots | |
| Cash | 288.5-8.5 | 288.5-9.5 | | 288.5-90.5 | | |
| 3 months | 295-5.5 | 296-9 | 300/298.5 | 298.5-300 | 296-9 | 18,160 lots |
| **Nickel ($ per tonne)** | | | | | Total daily turnover 7,079 lots | |
| Cash | 5860-5 | 5935-45 | 5875 | 5870-80 | | |
| 3 months | 5925-30 | 5995-5 | 5940/5910 | 5940-5 | 5930-5 | 42,782 lots |
| **Tin ($ per tonne)** | | | | | Total daily turnover 1,728 lots | |
| Cash | 5810-5 | 5790-80 | 5810 | 5810-2 | | |
| 3 months | 5870-5 | 5840-5 | 5880/5860 | 5870-5 | 5860-5 | 6,695 lots |
| **Zinc, Special High Grade ($ per tonne)** | | | | | Total daily turnover 9,227 lots | |
| Cash | 1108.5-9.5 | 1111.5-2.5 | 1105.5 | 1100.5-6 | | |
| 3 months | 1127.5-8.5 | 1130-2 | 1135/1124 | 1125-6 | 1123-4 | 68,535 lots |

LME Closing £/$ rate: SPOT: 1.4465 3 months: 1.4359 6 months: 1.4304 9 months: 1.4248

LONDON BULLION MARKET (Prices supplied by N M Rothschild)

| Gold (troy oz) | $ price | £ equivalent |
|---|---|---|
| Close | 327.80-328.20 | |
| Opening | 327.80-328.20 | |
| Morning fix | 327.80 | 226.741 |
| Afternoon fix | 327.75 | 225.878 |
| Day's high | 328.15-328.55 | |
| Day's low | 327.50-327.90 | |

Loco Ldn Mean Gold Lending Rates (Vs US$)

| | | | |
|---|---|---|---|
| 1 month | 1.86 | 6 months | 2.04 |
| 2 months | 1.98 | 12 months | 2.10 |
| 3 months | 1.99 | | |

| Silver fix | p/troy oz | US cts equiv |
|---|---|---|
| Spot | 253.70 | 367.00 |
| 3 months | 257.35 | 369.85 |
| 6 months | 260.00 | 372.55 |
| 12 months | 266.95 | 379.30 |

GOLD COINS

| | $ price | £ equivalent |
|---|---|---|
| Krugerrand | 328.00-331.00 | 227.00-229.00 |
| Maple leaf | 337.55-339.75 | - |
| New Sovereign | 78.00-81.50 | 54.00-56.00 |

TRADED OPTIONS

| Aluminium (99.7%) | Calls | | Puts | |
|---|---|---|---|---|
| Strike price $ tonne | Mar | Jun | Mar | Jun |
| 1200 | 25 | 57 | 12 | 15 |
| 1225 | 12 | 42 | 24 | 29 |
| 1250 | 0 | 31 | 42 | 45 |
| **Copper (Grade A)** | **Calls** | | **Puts** | |
| 2200 | 53 | 87 | 15 | 45 |
| 2250 | 26 | 61 | 39 | 68 |
| 2300 | 10 | 26 | 73 | 88 |
| **Coffee** | **Mar** | **May** | **Mar** | **May** |
| 850 | 83 | 150 | 2 | 18 |
| 900 | 41 | 83 | 10 | 37 |
| 950 | 10 | 43 | 34 | 62 |
| **Cocoa** | **Mar** | **May** | **Mar** | **May** |
| 675 | 27 | 54 | 5 | 21 |
| 700 | 12 | 39 | 15 | 31 |
| 725 | 4 | 28 | 32 | 46 |
| **Brent Crude** | **Mar** | **Apr** | **Mar** | **Apr** |
| 1850 | - | 50 | 4 | - |
| 1900 | 13 | 35 | 14 | - |
| 1950 | 5 | 31 | - | 85 |

## New York

GOLD 100 troy oz.; $/troy oz.

| | Close | Previous | High/Low |
|---|---|---|---|
| Feb | 328.7 | 329.0 | 329.1 328.5 |
| Mar | 328.8 | 329.2 | 0 0 |
| Apr | 330.1 | 330.2 | 330.3 328.6 |
| Jun | 331.4 | 331.7 | 331.5 329.8 |
| Aug | 332.6 | 333.0 | 0 0 |
| Oct | 334.0 | 334.3 | 0 0 |
| Dec | 335.6 | 334.7 | 334.5 334.2 |
| Feb | 337.3 | 338.1 | 0 0 |
| Apr | 338.6 | 338.1 | 0 0 |

PLATINUM 50 troy oz; $/troy oz.

| | Close | Previous | High/Low |
|---|---|---|---|
| Feb | 359.6 | 358.8 | 0 0 |
| Apr | 361.2 | 361.0 | 362.0 360.5 |
| Jul | 361.7 | 360.5 | 362.0 360.0 |
| Oct | 362.5 | 360.4 | 360.5 359.5 |
| Jan | 363.5 | 361.7 | 357.5 357.0 |

SILVER 5,000 troy oz; cents/troy oz.

| | Close | Previous | High/Low |
|---|---|---|---|
| Feb | 366.2 | 365.2 | 0 0 |
| Mar | 366.0 | 367.2 | 368.0 365.5 |
| Apr | 368.4 | 369.7 | 370.5 368.0 |
| May | 370.0 | 371.0 | 370.5 368.0 |
| Jul | 371.6 | 373.0 | 372.5 370.5 |
| Sep | 373.0 | 374.8 | 373.5 374.5 |
| Dec | 376.7 | 378.1 | 378.0 375.5 |
| Jan | 377.6 | 379.0 | 378.0 378.0 |
| Mar | 379.8 | 381.1 | 379.5 380.0 |
| May | 383.8 | 385.3 | 0 0 |
| Jul | 386.8 | 388.5 | 0 0 |

HIGH GRADE COPPER 25,000 lbs; cents/lbs

| | Close | Previous | High/Low |
|---|---|---|---|
| Feb | 99.50 | 99.80 | 99.55 99.10 |
| Mar | 98.90 | 98.95 | 100.25 98.80 |
| Apr | 100.25 | 100.30 | 0 0 |
| May | 100.50 | 100.55 | 100.75 100.25 |
| Jun | 100.75 | 100.80 | 0 0 |
| Jul | 100.90 | 101.05 | 101.05 100.70 |
| Aug | 101.15 | 101.15 | 0 0 |
| Sep | 101.25 | 101.35 | 101.60 101.10 |

CRUDE OIL (Light) 42,000 US galls $/barrel

| | Latest | Previous | High/Low |
|---|---|---|---|
| Mar | 20.33 | 20.30 | 20.36 20.18 |
| Apr | 20.24 | 20.31 | 20.36 20.11 |
| May | 20.35 | 20.32 | 20.36 20.15 |
| Jun | 20.35 | 20.34 | 20.36 20.18 |
| Jul | 20.38 | 20.37 | 20.40 20.20 |
| Aug | 20.37 | 20.38 | 20.36 20.26 |
| Sep | 20.31 | 20.36 | 20.37 20.22 |
| Oct | 20.38 | 20.40 | 20.38 20.27 |
| Nov | 20.30 | 20.42 | 20.30 20.30 |
| Dec | 20.37 | 20.41 | 20.37 20.30 |

HEATING OIL 42,000 US galls, cents/US galls

| | Latest | Previous | High/Low |
|---|---|---|---|
| Mar | 57.10 | 56.86 | 57.20 56.15 |
| Apr | 57.50 | 56.60 | 57.05 56.10 |
| May | 54.25 | 55.60 | 55.25 54.50 |
| Jun | 55.55 | 55.65 | 55.60 55.20 |
| Jul | 55.55 | 55.75 | 55.55 55.55 |
| Aug | 56.50 | 56.30 | 56.40 56.00 |
| Sep | 57.20 | 57.45 | 57.45 57.10 |
| Oct | 58.20 | 58.45 | 58.40 58.00 |
| Nov | 59.20 | 59.20 | 59.20 59.20 |
| Dec | 60.15 | 60.05 | 60.05 60.00 |

COCOA 10 tonnes;$/tonnes

| | Close | Previous | High/Low |
|---|---|---|---|
| Mar | 875 | 872 | 885 866 |
| May | 899 | 900 | 912 895 |
| Jul | 933 | 925 | 939 927 |
| Sep | 960 | 955 | 965 955 |
| Dec | 995 | 993 | 995 992 |
| Mar | 1024 | 1019 | 1022 1020 |
| May | 1045 | 1040 | 1052 1090 |
| Jul | 1065 | 1060 | 1075 1065 |
| Sep | 1082 | 1087 | 1095 1086 |
| Dec | 1134 | 1125 | 1125 1125 |

COFFEE "C" 37,500lbs; cents/lbs

| | Close | Previous | High/Low |
|---|---|---|---|
| Mar | 62.60 | 61.95 | 63.20 60.50 |
| May | 66.90 | 65.45 | 67.75 66.35 |
| Jul | 68.05 | 66.25 | 69.50 67.50 |
| Sep | 70.15 | 70.50 | 70.75 69.10 |
| Dec | 72.80 | 72.75 | 0 0 |
| Mar | 75.50 | 75.40 | 75.00 74.50 |
| May | 77.50 | 77.25 | 0 0 |

SUGAR WORLD "11" 112,000 lbs; cents/lbs

| | Close | Previous | High/Low |
|---|---|---|---|
| Mar | 8.10 | 8.22 | 8.20 8.09 |
| May | 8.49 | 8.55 | 8.50 8.45 |
| Jul | 8.67 | 8.72 | 8.69 8.65 |
| Oct | 8.50 | 8.56 | 8.52 8.48 |
| Mar | 8.60 | 8.60 | 8.55 8.55 |
| May | 8.60 | 8.62 | 0 0 |
| Jul | 8.67 | 8.68 | 0 0 |

COTTON 50,000; cents/lbs

| | Close | Previous | High/Low |
|---|---|---|---|
| Mar | 61.41 | 61.76 | 61.95 61.21 |
| May | 62.12 | 62.40 | 62.65 62.00 |
| Jul | 62.80 | 63.00 | 63.35 62.65 |
| Oct | 62.30 | 62.63 | 62.70 62.20 |
| Dec | 61.35 | 61.60 | 61.67 61.25 |
| Mar | 62.50 | 62.80 | 62.60 62.50 |
| May | 62.60 | 62.75 | 62.00 62.50 |
| Jul | 63.20 | 63.33 | 0 0 |

ORANGE JUICE 15,000 lbs; cents/lbs

| | Close | Previous | High/Low |
|---|---|---|---|
| Mar | 67.95 | 70.35 | 71.30 67.80 |
| May | 71.05 | 73.60 | 74.50 71.45 |
| Jul | 73.20 | 77.00 | 77.00 74.00 |
| Sep | 77.55 | 79.85 | 80.00 79.00 |
| Nov | 80.65 | 82.50 | 81.50 81.50 |
| Jan | 83.50 | 85.50 | 85.50 85.00 |
| Mar | 86.65 | 87.80 | 86.50 87.50 |
| May | 90.05 | 87.90 | 86.00 87.50 |
| Jul | 86.05 | 87.00 | 0 0 |

INDICES

REUTERS (Base: September 18 1931 = 100)

| Feb 5 | Feb 4 | mnth ago | yr ago |
|---|---|---|---|
| 1748.4 | 1744.7 | 1713.2 | 1572.7 |

DOW JONES (Base: Dec. 31 1974 = 100)

| | Feb 4 | Feb 3 | mnth ago | yr ago |
|---|---|---|---|---|
| Spot | 121.63 | 123.60 | 122.12 | 117.38 |
| Futures | 123.84 | 123.15 | 123.68 | 122.88 |

## Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

| | Close | Previous | High/Low |
|---|---|---|---|
| Mar | 565/4 | 571/2 | 573/0 565/0 |
| May | 568/2 | 574/2 | 575/4 567/4 |
| Jul | 572/4 | 579/2 | 580/2 572/4 |
| Aug | 574/0 | 581/0 | 581/0 574/0 |
| Sep | 575/0 | 581/2 | 582/4 575/0 |
| Nov | 581/6 | 587/6 | 589/6 581/4 |
| Jan | 589/0 | 594/6 | 595/0 588/6 |

SOYABEAN OIL 60,000 lbs; cents/lb

| | Close | Previous | High/Low |
|---|---|---|---|
| Mar | 20.38 | 20.70 | 20.72 20.35 |
| May | 20.62 | 20.96 | 20.96 20.60 |
| Jul | 20.84 | 21.15 | 21.15 20.82 |
| Aug | 20.91 | 21.21 | 21.22 20.91 |
| Sep | 21.00 | 21.27 | 21.25 21.00 |
| Oct | 21.04 | 21.31 | 21.28 21.04 |
| Dec | 21.13 | 21.43 | 21.40 21.10 |
| Jan | 21.20 | 21.55 | 21.50 21.20 |

SOYABEAN MEAL 100 tons; $/ton

| | Close | Previous | High/Low |
|---|---|---|---|
| Mar | 177.6 | 179.5 | 180.2 177.1 |
| May | 178.4 | 180.6 | 181.2 178.2 |
| Jul | 180.2 | 182.1 | 182.8 180.0 |
| Aug | 181.1 | 182.8 | 183.8 181.0 |
| Sep | 182.0 | 183.5 | 184.5 182.0 |
| Oct | 183.2 | 185.0 | 185.2 183.2 |
| Dec | 185.2 | 187.0 | 187.5 185.1 |
| Jan | 185.3 | 187.8 | 0 0 |

MAIZE 5,000 bu min; cents/56lb bushel

| | Close | Previous | High/Low |
|---|---|---|---|
| Mar | 212/0 | 212/4 | 213/0 211/6 |
| May | 219/6 | 220/2 | 220/6 219/4 |
| Jul | 226/4 | 227/6 | 227/6 226/4 |
| Sep | 232/4 | 233/4 | 233/6 232/4 |
| Dec | 236/2 | 236/6 | 236/6 235/0 |

WHEAT 5,000 bu min; cents/60lb-bushel

| | Close | Previous | High/Low |
|---|---|---|---|
| Mar | 361/2 | 367/2 | 368/2 361/0 |
| May | 336/2 | 340/4 | 342/0 337/0 |
| Jul | 316/6 | 320/2 | 321/2 316/4 |
| Sep | 319/6 | 324/0 | 324/4 319/4 |
| Dec | 327/4 | 331/4 | 332/0 327/4 |

LIVE CATTLE 40,000 lbs; cents/lbs

| | Close | Previous | High/Low |
|---|---|---|---|
| Feb | 80.375 | 79.575 | 80.575 79.750 |
| Apr | 78.300 | 77.900 | 78.750 78.075 |
| Jun | 73.150 | 73.025 | 73.600 72.850 |
| Aug | 71.175 | 71.025 | 71.600 71.000 |
| Oct | 72.050 | 72.050 | 72.075 72.050 |
| Dec | 73.025 | 72.650 | 73.100 72.650 |

LIVE HOGS 40,000 lb; cents/lbs

| | Close | Previous | High/Low |
|---|---|---|---|
| Feb | 43.325 | 43.475 | 43.700 43.250 |
| Apr | 42.625 | 43.300 | 43.325 42.750 |
| Jun | 47.325 | 48.325 | 48.525 47.900 |
| Jul | 47.175 | 47.500 | 47.475 47.125 |
| Aug | 44.950 | 45.400 | 45.400 44.850 |
| Oct | 40.900 | 41.225 | 41.300 40.900 |
| Dec | 42.325 | 42.400 | 42.300 42.250 |

PORK BELLIES 40,000 lbs; cents/lb

| | Close | Previous | High/Low |
|---|---|---|---|
| Feb | 35.450 | 35.550 | 35.850 35.200 |
| Mar | 35.850 | 35.800 | 35.300 35.300 |
| May | 36.750 | 37.050 | 37.400 36.500 |
| Jul | 37.225 | 37.450 | 37.650 37.050 |
| Aug | 36.000 | 36.300 | 36.200 35.800 |

# CURRENCIES, MONEY AND CAPITAL MARKETS

## FOREIGN EXCHANGES

# A morning after feeling

THE DOLLAR failed to break above Thursday's peak of DM1.6670 against the D-Mark yesterday, after the January non-farm payroll figure in the US came through as the market had expected, *writes James Blitz.*

The payroll figure rose by 106,000 on the month, slightly less than the market estimate of 109,000. The dollar, which opened at about DM1.6605 in New York, initially climbed ½ pfennig on the news, peaked at DM1.6655, but later fell back to close in London at DM1.6545, virtually unchanged on the day.

Mr Neil MacKinnon, an economist at Citibank in London, said that the payroll figure had not diverted him from his belief that the dollar will touch DM1.75 or DM1.80 this year.

However, be warned that the dollar had gained only 1 pfennigs in the 24 hours between the Bundesbank cutting rates and the payroll figure being issued in the US – and that this should strike a note of caution for dollar bulls.

The uncertain note struck by the US data was not dissimilar to the one created by the Bundesbank on Thursday, when it eased monetary policy.

The satisfaction that followed the 25 basis point cut in the Discount rate has eased the strains in European exchange mechanism.

But there were several indications yesterday that the Bundesbank had, at best, beaten off the speculators for only a few weeks.

The Danish krone hovered around its ERM parity of DKr3.814 to the D-Mark, a remarkable jump from Thursday morning when it was trading at the floor.

However, 3-month krones continued to be quoted at the remarkably high level of 14½ per cent.

If the Danish authorities fail to cut rates soon, they may be putting in jeopardy a Yes vote in the second Danish referendum on the Maastricht treaty on May 18 – the prospect of which would undermine the ERM yet again.

The French authorities eased money market tensions by announcing a cut in the overnight rate by ⅛ per cent. This, in turn, brought down 1 month French francs to 11½ per cent from 15 per cent it touched earlier in the week.

But the cost of the D-Mark/French parity is not getting cheaper. Last August, 3-month French francs and 3-month D-Marks were both at around 9.75 per cent.

In the last 5 months, the D-Marks have come down 140 basis points, while the francs have gone up 175 basis points.

Anyone who believes the ERM tensions are over must explain why and when thet divergence will stop being a problem for the French.

### £ IN NEW YORK

| Feb.5 | Latest | Previous Close |
|---|---|---|
| £ Spot | 1.4470-1.4480 | 1.4410 1.4420 |
| 1 month | 0.36-0.35pm | 0.37 0.35pm |
| 3 months | 1.05-1.01pm | 1.03 1.00pm |
| 12 months | 2.65-2.55pm | 2.55 2.45pm |

Forward premiums and discounts apply to the US dollar

### STERLING INDEX

| | Feb.5 | Previous |
|---|---|---|
| 8.30 am | 77.7 | 76.8 |
| [illegible] | [illegible] | [illegible] |

### CURRENCY RATES

[illegible]

### CURRENCY MOVEMENTS

[illegible]

### OTHER CURRENCIES

[illegible]

### EMS EUROPEAN CURRENCY UNIT RATES

| | Ecu Central Rates | Currency Amounts Against Ecu Feb 5 | % Change from Central Rate | % Spread vs Weakest Currency | Divergence Indicator |
|---|---|---|---|---|---|
| Spanish Peseta | 142.150 | 138.485 | −2.58 | 3.34 | 46 |
| Portuguese Escudo | 180.624 | 176.403 | −2.34 | 3.09 | 39 |
| Irish Punt | 0.809996 | 0.802882 | −0.88 | 1.57 | 42 |
| Dutch Guilder | 2.20045 | 2.19605 | −0.20 | 0.88 | 13 |
| Belgian Franc | 40.2802 | 40.2284 | −0.13 | 0.81 | 9 |
| D-Mark | 1.95294 | 1.95156 | −0.07 | 0.75 | 9 |
| Danish Krone | 7.44934 | 7.45619 | 0.09 | 0.58 | −1 |
| French Franc | 6.54988 | 6.59425 | 0.68 | 0.00 | −34 |

Ecu central rates set by the European Commission. Currencies are in descending relative strength. [illegible]

### POUND SPOT - FORWARD AGAINST THE POUND

[illegible]

### DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

[illegible]

### EURO-CURRENCY INTEREST RATES

[illegible]

### EXCHANGE CROSS RATES

| | £ | $ | DM | Yen | F Fr. | S Fr. | H Fl. | Lira | C$ | B Fr. | Pta | Ecu |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| £ | 1 | 1.447 | 2.395 | 180.0 | 8.095 | 2.210 | 2.69[illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| $ | 0.691 | 1 | 1.655 | 124.4 | 5.594 | 1.527 | 1.86[illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| DM | 0.418 | 0.604 | 1 | 75.16 | 3.380 | 0.923 | 1.12[illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| YEN | 5.556 | 8.039 | 13.31 | 1000. | 44.97 | 12.28 | 14.9[illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| F Fr. | 1.235 | 1.788 | 2.959 | 222.4 | 10. | 2.730 | 3.32[illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| S Fr. | 0.452 | 0.655 | 1.084 | 81.45 | 3.663 | 1 | 1.21[illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| H Fl. | 0.371 | 0.537 | 0.889 | 66.84 | 3.006 | 0.821 | 1 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Lira | 0.452 | 0.655 | 1.084 | 81.45 | 3.663 | 1.000 | 1.21[illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| C$ | 0.548 | 0.793 | 1.313 | 98.68 | 4.438 | 1.212 | 1.47[illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| B Fr. | 2.028 | 2.935 | 4.858 | 365.1 | 16.42 | 4.483 | 5.46[illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Pta | 0.588 | 0.851 | 1.409 | 105.9 | 4.762 | 1.300 | 1.58[illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Ecu | 0.816 | 1.180 | 1.954 | 146.8 | 6.603 | 1.803 | 2.19[illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100: Peseta per 100.

### FORWARD RATES AGAINST STERLING

| | Spot | 1 mth | 3 mths | 6 mths | 12 mths |
|---|---|---|---|---|---|
| US Dollar | 1.4470 | 1.4434 | 1.4369 | 1.4303 | 1.4215 |
| D-mark | 2.3950 | 2.3972 | 2.4079 | 2.4199 | 2.4356 |
| French Fr. | 8.0930 | 8.1305 | 8.2087 | 8.2905 | 8.3899 |
| Swiss Fr. | 2.2100 | 2.2085 | 2.2059 | 2.2040 | 2.1974 |
| Yen | 180.00 | 179.56 | 178.76 | 177.67 | 176.20 |

## FINANCIAL FUTURES AND OPTIONS

[illegible]

### OPTION ON LONG-TERM FRENCH BOND (MATIF)

| Strike | Calls March | Calls June | Calls September | Puts March | Puts June | Puts September |
|---|---|---|---|---|---|---|
| 112 | 1.60 | - | - | 0.03 | 0.27 | - |
| 113 | 0.72 | 2.37 | 2.80 | 0.08 | 0.43 | 0.75 |
| 114 | 0.21 | 1.66 | - | 0.20 | 0.66 | 1.07 |
| 115 | 0.04 | 1.04 | - | 0.64 | 1.01 | - |
| 116 | - | 0.55 | - | - | - | - |
| Open Int. | 140,913 | 91,860 | 6,285 | 106,599 | 55,546 | 2,850 |

Estimated volume 42,444 † Total Open Interest 483,973

† All Yield & Open Interest figures are for the previous day.

## BANK RETURN

| BANKING DEPARTMENT | Wednesday February 3 1993 | Increase or decrease for week |
|---|---|---|
| LIABILITIES | £ | £ |
| Capital | 14,553,000 | |
| Public Deposits | 4,872,319,813 | + 2,158,855,805 |
| Bankers Deposits | 1,555,192,894 | + 11,254,870 |
| Reserve and other Accounts | 4,092,598,071 | + 107,979,853 |
| | 10,534,663,778 | + 2,273,120,528 |
| ASSETS | | |
| Government Securities | 1,840,897,457 | + 238,836,262 |
| Advance and other Accounts | 5,384,024,021 | + 1,245,139,510 |
| Premises Equipment & other Secs | 3,303,510,161 | + 792,196,823 |
| Notes | 6,010,279 | - 812,747 |
| Coin | 221,860 | - 38,340 |
| | 10,534,663,778 | + 2,273,120,528 |
| ISSUE DEPARTMENT | | |
| LIABILITIES | | |
| Notes in circulation | 16,173,989,721 | - 49,187,253 |
| Notes in Banking Department | 6,010,279 | - 812,747 |
| | 16,180,000,000 | - 50,000,000 |
| ASSETS | | |
| Government Debt | 11,015,100 | |
| Other Government Securities | 6,544,934,412 | - 641,425,058 |
| Other Securities | 9,624,050,488 | + 591,425,055 |
| | 16,180,000,000 | - 50,000,000 |

## MONEY MARKETS

# Hope never dies

DESPITE repeated claims by UK officials that there would be no base rate cuts in the near-term, dealers in the sterling markets ended the week looking for 5 per cent rates sooner rather than later, *writes James Blitz.*

The last five days have brought the most volatile trading in the sterling cash and futures markets since the run-up to sterling's devaluation on September 16 last year.

**UK clearing bank base lending rate 6 per cent from January 23, 1993**

As speculation intensified on Monday that Mr John Major would ease monetary policy willy-nilly, the March short sterling contract rocketed to 94.50, a level that would be consistent with 5 per cent rates at budget time. The rate for 1-year cash was also bid as low as 5⅝ per cent.

Since then, the UK authorities have carried out a damage limitation operation. On Thursday, Mr Norman Lamont, the chancellor of the exchequer, said there was little immediate prospect that he would follow the Bundesbank's lead and cut UK rates again.

The government's comments have manged to restrain the earlier enthusiasm of the market. Yesterday, the March contract closed at 94.26, a level that prices 3-month money at 5.74 per cent next month.

If that price is taken at face value, the market would appear to be only fishing for a 50 basis cut in the next few weeks.

But, according to one dealer, the market will be bought again before too long, and futures will go up. "There is every chance of dealers building up another bout of enthusisasm in the next two weeks," he said.

One discount house dealer argued yesterday that the Bundesbank's decision to cut its discount rate by 0.25 per cent on Thursday made a UK base rate cut at budget time even more likely.

If the Bundesbank's cuts were a precursor to more easing in the next two months, then the UK could ease policy without this adversely affecting the value of the pound.

However, if the Bundesbank cuts rates too slowly, tensions in the exchange rate mechanism could explode, allowing France and other ERM countries to cut retes freely. This would ease pressure on the pound.

Enthusiasm for a cut would be checked altogether if foreign exchange dealers were to ignore the chancellor's words of caution, triggering another run on the pound.

### FT LONDON INTERBANK FIXING

[illegible]

### MONEY RATES

[illegible]

### LONDON MONEY RATES

[illegible]

## BASE LENDING RATES

| | % | | % | | % |
|---|---|---|---|---|---|
| Adam & Company | 6 | Cyprus Popular Bank | 6 | Mount Banking | 7 |
| Allied Trust Bank | 7 | Duncan Lawrie | 6 | NatWestminster | 6 |
| AIB Bank | 6 | Equatorial Bank plc | 6 | Northern Bank Ltd | 7 |
| ●Henry Ansbacher | 6 | Exeter Bank Limited | 7 | Nykredit Mortgage Bnk | 6.5 |
| B & C Merchant Bank | 13 | Financial & Gen Bank | 7 | ●Rea Brothers | 6 |
| Bank of Baroda | 6 | ●Robert Fleming & Co | 6 | Roxburghe Bank Ltd | 6 |
| Banco Bilbao Vizcaya | 6 | Girobank | 6 | Royal Bk of Scotland | 6 |
| Bank of Cyprus | 6 | ●Guinness Mahon | 6 | ●Smith & Williamson Secs | 6 |
| Bank of Ireland | 6 | Habib Bank AG Zurich | 6 | Standard Chartered | 6 |
| Bank of India | 6 | ●Hambros Bank | 6 | TSB | 6 |
| Bank of Scotland | 6 | Hampshire Trust Plc | 13.5 | Unibank plc | 7 |
| Barclays Bank | 6 | Heritable & Gen Inv Bk | 6 | ●United Bk of Kuwait | 6 |
| Brit Bk of Mid East | 6 | ●Hill Samuel | 6 | Unity Trust Bank Plc | 6 |
| ●Brown Shipley | 6 | C. Hoare & Co | 6 | Western Trust | 6 |
| CL Bank Nederland | 6 | Hongkong & Shanghai | 6 | Whiteaway Laidlaw | 6 |
| Citibank NA | 6 | Julian Hodge Bank | 6 | Yorkshire Bank | 6 |
| City Merchants Bank | 6 | ●Leopold Joseph & Sons | 6 | | |
| Clydesdale Bank | 6 | Lloyds Bank | 6 | | |
| The Co-operative Bank | 6 | Meghraj Bank Ltd | 6 | | |
| Coutts & Co | 6 | McDonnell Douglas Bk | 6 | | |
| Credit Lyonnais | 6 | Midland Bank | 6 | | |

● Members of British Merchant Banking & Securities Houses Association





# MONEY MARKET FUNDS

## Money Market Trust Funds

[illegible]

## Money Market Bank Accounts

[illegible]

NOTES – Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. 'Compounded Annual Rate'. Int Cr: Frequency at which interest is credited to the account.

# LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

## British Funds, etc
No. of bargains included 3445

Treasury 13¼% Stk 2000/03 – £133½
Guaranteed Export Finance Corp PLC 12¾% Gtd Ln Stk 2002(Reg) – £127¾ (29Ja93)
12¾% Gtd Ln Stk 2002(Br£10000&100000) – £127.8 (3Fe93)

## Corporation and County Stocks
No. of bargains included 2

National Power PLC10⅞% Bds 2001 (Br £10000&100000) – £110⅝ (2Fe93)
National & Provincial Bldg Society 10¾% Subord Bds 2006/11 – £102⅜ (3Fe93)
National Westminster Bank PLC6% SubordBrBds1988(1998) BrDM1000&10000 – DM94 94.2
11¾% Undated Subord Nts (Reg) – £108⅜ 7 ⅜ ½ ¾
11¾% Undated Subord Nts (Br £1000) – £108⅞ 7 ¾ ⅞
Nationwide Building Society 11⅞% Nts 1997 (Br £5000 & 100000) – £112⅞ 3⅜
Zero Cpn Nts 1998 (Br £ Var) – £64⅝ ⅝

...

London & St Lawrence Investment PLC Ord 5p – 130½
Monks Investment Trust PLC11% Deb Stk 2012 – £114 (3Fe93)
Multitrust PLCOrd 25p – 37
New Guernsey Securities Trust Ld Ord 25p – 58
New Throgmorton Trust(1983) PLC12.5% Deb Stk 2008 – £118
Zero Cpn Deb Stk 1998 – £64½ (2Fe93)
Northern Indust Improv Trust PLCOrd £1 – 395 (1Fe93)
Paribas French Investment Trust PLCSers "A" Warrants to sub for Ord – 23 4 5
Sers "B" Warrants to sub for Ord – 18 5 20 1
Rights and Issues Inv Trust PLC5½% Cum Prf £1 – 77
River & Mercantile Trust PLC8% Cum Prf Stk – £92 (2Fe93)
Schroder Korea Fund PLCOrd $0.01 (Reg) – $8½ (2Fe93)
Wts to Sub for Ord (Reg) – $2½ (2Fe93)
Scottish Eastern Inv Trust PLC5¼% Deb Stk 2020 – £104¼ (3Fe93)
Scottish Mortgage & Trust PLC4½% Ird

...

Southern Newspapers PLCOrd £1 – £3.1
Southern Vectis PLCOrd 10p – £0.15 (2Fe93)
Sun Oil Britain Ld Oil Royalty Stk Units 1p – £0.45 (2Fe93)
Sutton Harbour Hldgs Ld Ord 25p – £3.7 (29Ja93)
Thwaites(Daniel)& Co PLCOrd 25p – £1.7 (29Ja93)
Titaghur PLCOrd 5p – £0.135
T V-am PLCOrd 5p – 19½ 20 (3Fe93)
Tyndall International(Jersey)Gilt Fund – £1.204 (1Fe93)
UAPT-Infolink PLC"A" Ord 25p – £0.26 (3Fe93)
Vista Entertainments PLCOrd 5p – 0½ (2Fe93)
Weetabix Ld"A" Non.V Ord 25p – £12.53 (3Fe93)

## RULE 535 (4) (e)

**Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.**

Aust. Foundation Inv A$1.865 (1/2)
Centaur Mining A$0.09538 (1/2)
Oty Developments S$4.07
Community Psychiatric Centers $10.75♦ (29/1)
Dainippon Screen Mfg. Y605 (1/2)
Far East Hotels & Entertainment FR0.54 (29/1)
Futuris Corp A$1.072 (2/2)
Koilmorgen Corp 50♦ (1/2)
Kuala Sidim Rubber 23 (3/2)
Kulim Malaysia Ord 25 (29/1)
Leighton Hldgs A$1.45
Malayan Cement 1.00
National Electronics HK$0.66 (3/2)
Niugini Mining 90 (2/2)
North Flinders Mines A$4.3846 £1.90 (2/2)
Oil Search 29 (3/2)
Samantha Hldgs. A$1.25 (29/1)
Sappi Ltd FL29.9 (2/2)
Singapore Land S$4.1148 (3/2)
Sky Line Explortn £1.20 $1.90 (2/2)
Storer Communications $K256.57
Westfield Minerals C$0.9♦

*By Permission of the Stock Exchange Council*

## FT-SE ACTUARIES INDICES

The FT-SE 100, FT-SE Mid 250 and FT-SE Actuaries 350 indices and the FT-SE Actuaries Industry Baskets are calculated by The International Stock Exchange of the United Kingdom and Republic of Ireland Limited. 

The FT-Actuaries All-Share Index is calculated by The Financial Times Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries. 

The FT-SE 100, FT-SE Mid 250 and FT-SE Actuaries 350 indices, the FT-SE Actuaries Industry Baskets and the FT-Actuaries All-Share index are members of the FT-SE Actuaries Share Indices series which are calculated in accordance with a standard set of ground rules established by The Financial Times Limited and London Stock Exchange in conjunction with the Institute of Actuaries and the Faculty of Actuaries.

"FT-SE" and "Footsie" are joint trade marks and service marks of the London Stock Exchange and The Financial Times Limited.

LONDON STOCK EXCHANGE

# Shares survive bout of profit-taking

By Terry Byland,
UK Stock Market Editor

| Account Dealing Dates | | |
|---|---|---|
| *First Dealings: | | |
| Jan 18 | Feb 1 | Feb 15 |
| Option Declarations: | | |
| Jan 28 | Feb 11 | Feb 25 |
| Last Dealings: | | |
| Jan 29 | Feb 12 | Feb 26 |
| Account Day: | | |
| Feb 8 | Feb 22 | Mar 2 |

*New time dealings may take place from 8.30am two business days earlier.

AN EXCITING, and largely successful week for the UK equity market ended yesterday with share prices rallying strongly at the close of an erratic session, helped by renewed strength on Wall Street. Thursday's cut in rates by the Bundesbank was identified as positive for the UK stock market although most strategists agreed that any further reduction in domestic rates will probably be withheld until Budget day, early in March.

Initial trading saw some good buying from the institutions but it was soon clear that their attention was focused on the utilities, conventionally seen as defensive stocks. A gain of 17.7 to 2,883.5 on the Footsie was steadily eroded and had been replaced early in the afternoon by a loss of 12.3. The Footsie has advanced nearly 2 per cent this week, edging above Footsie 2,900 briefly on Thursday afternoon. Support for the second-line stocks yesterday was disclosed in the gain of 7.7 in the FT-SE Mid 250 Index to 3,050.5.

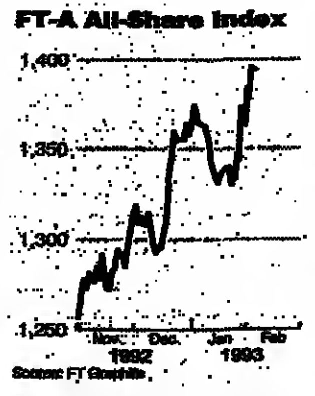
Later in the session, the UK stock market lay low until Wall Street responded with an early gain of 20 Dow points to improved US jobless totals for January.

London reacted vigorously as the mood improved and, by the close of trading, the FT-SE Index was only 3.0 down at 2,862.9. Seaq volume of 691.9m shares, of which around 61 per cent were non-Footsie stocks, compared with 949.5m on Thursday.

Retail volume of £2.14bn on Thursday was the highest daily total since September 18 last year when the market was celebrating sterling's departure from the ERM.

High volume in the past two sessions has indicated the weight of trading activity in London as international institutions first anticipated and then responded to the Bundesbank's interest rate cut.

FT-A All-Share Index




Profit-takers moved heavily against bank shares yesterday, with some analysts fearing that the impending season of profits statements may bring a spate of rights issues. Properties, which, according to S.G. Warburg Securities, the UK investment bank and securities house, have outperformed the rest of the stock market by 22 per cent over the past two weeks, gave back a tiny proportion of their gains yesterday. Engineering and aerospace shares were also targets for profit-taking.

Longer-term worries about inflation prospects surfaced in the gilt edged market where long-dated conventional issues closed a shade off on the day but index-linked gilts, the prime inflation hedge instruments, extended early gains to finish around ¼ higher.

TRADING VOLUME IN MAJOR STOCKS

| | Volume 000's | Closing Price | Day's change |
|---|---|---|---|
| ADT | 19 | 480 | +2 |
| ASDA Group | 11,000 | 69½ | −1 |
| Abbey National | 4,000 | 367 | −10 |
| Albert Fisher | 1,100 | 72 | |
| Allied-Lyons | 1,700 | 596 | +6 |
| Amstrad | 252 | 24 | |
| Anglian Water | 2,500 | 488 | +7 |
| Argos | 522 | 673 | −1 |
| Argyll Group | 2,100 | 374 | −2 |
| Arjo Wiggins | 8,500 | 174 | −7 |
| Ass. Brit. Foods | 441 | 478 | |
| Ass. Brit. Ports | 641 | 380 | +2 |
| BAA | 1,400 | 789 | |
| BAT Inds. | 2,900 | 981 | +3 |
| BET | 2,300 | 105 | +2 |
| BICC | 145 | 371 | |
| BOC | 1,200 | 737 | +7 |
| BP | 8,500 | 297 | −1½ |
| BPB Inds. | 2,800 | 219 | |
| BT | 7,100 | 422½ | −½ |
| BT New | 3,800 | 317½ | −½ |
| BTR | 5,800 | 660 | −6 |
| Bank of Scotland | 2,000 | 128½ | −½ |
| Barclays | 8,500 | 429 | −16 |
| Bass | 1,800 | 601 | +3 |
| Berisford Int. | 617 | 122 | −2 |
| Blue Circle | 673 | 225 | −1 |
| Booker | 368 | 429 | −1 |
| Boots | 8,300 | 502 | +2 |
| Bowater | 724 | 498 | −2 |
| Brit. Aerospace | 3,300 | 276 | −2 |
| British Airways | 5,600 | 296 | +2 |
| British Gas | 3,400 | 290 | +1½ |
| British Land | 508 | 224 | +1 |
| British Steel | 11,000 | 78½ | −2 |
| Bunzl | 484 | 131 | |
| Burmah Castrol | 178 | 729 | −3 |
| Burton | 21,000 | 73 | +1 |
| Cable & Wire. | 2,000 | 716 | +5 |
| Cadbury Schweppes | 1,100 | 465 | −2 |
| Calor Group | 39 | 246 | −1 |
| Carlton Comms. | 1,700 | 778 | −11 |
| Coats Viyella | 2,600 | 224 | −1½ |
| Comm. Union | [illegible] | [illegible] | [illegible] |
| Cookson | [illegible] | [illegible] | [illegible] |
| Courtaulds | [illegible] | [illegible] | [illegible] |
| Dalgety | [illegible] | [illegible] | [illegible] |
| De La Rue | [illegible] | [illegible] | [illegible] |
| Dixons | [illegible] | [illegible] | [illegible] |
| Eastern Elec. | [illegible] | [illegible] | [illegible] |
| East Midland Elec. | [illegible] | [illegible] | [illegible] |
| Eng China Clays | [illegible] | [illegible] | [illegible] |
| Enterprise Oil | [illegible] | [illegible] | [illegible] |
| Eurotunnel Units | [illegible] | [illegible] | [illegible] |
| FKI | [illegible] | [illegible] | [illegible] |
| Fisons | [illegible] | [illegible] | [illegible] |
| Forte | [illegible] | [illegible] | [illegible] |
| Gen. Accident | [illegible] | [illegible] | [illegible] |
| General Elec. | [illegible] | [illegible] | [illegible] |
| Glaxo | [illegible] | [illegible] | [illegible] |
| Glynwed Int. | [illegible] | [illegible] | [illegible] |
| Granada | [illegible] | [illegible] | [illegible] |
| Grand Met. | [illegible] | [illegible] | [illegible] |
| GUS A | [illegible] | [illegible] | [illegible] |
| GRE | [illegible] | [illegible] | [illegible] |
| GKN | [illegible] | [illegible] | [illegible] |
| Guinness | [illegible] | [illegible] | [illegible] |
| HSBC (75p shs) | [illegible] | [illegible] | [illegible] |
| Hammerson "A" | [illegible] | [illegible] | [illegible] |
| Hanson | [illegible] | [illegible] | [illegible] |
| Hanson Warrants | [illegible] | [illegible] | [illegible] |
| Harrisons Crosfield | [illegible] | [illegible] | [illegible] |
| Hillsdown | [illegible] | [illegible] | [illegible] |
| IMI | [illegible] | [illegible] | [illegible] |
| ICI | [illegible] | [illegible] | [illegible] |
| Inchcape | [illegible] | [illegible] | [illegible] |
| Kingfisher | [illegible] | [illegible] | [illegible] |
| Kwik Save | [illegible] | [illegible] | [illegible] |
| Ladbroke | [illegible] | [illegible] | [illegible] |
| Land Securities | [illegible] | [illegible] | [illegible] |
| Laporte | [illegible] | [illegible] | [illegible] |
| Legal & General | [illegible] | [illegible] | [illegible] |
| Lloyds Abbey | [illegible] | [illegible] | [illegible] |
| Lloyds Bank | [illegible] | [illegible] | [illegible] |
| LASMO | [illegible] | [illegible] | [illegible] |
| London Elec. | [illegible] | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] |

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

## Banks under pressure

FEARS that NatWest Bank was planning to call on investors for extra cash set nerves jangling in the banking sector. The rumours came at a time when, according to merchant bank Robert Fleming, the sector had hit an 17-year relative high against the market and gave an ideal opportunity to take profits.

Mr Nick Dobby of Flemings said there was talk that NatWest could be considering a rights issue in the region of £1bn. But he added; "There is no loan growth at the moment, the bank's capital ratios are well in excess of the regulatory minimum and investors would be likely to focus on Barclay's £921m cash call in 1988 which did not prove a very efficient investment."

NatWest shares fell 12 to to 448p with 14m traded. However, it was also suggested that, if NatWest needs to raise cash, Barclays needs it more and the latter's shares fell 16 to 429p. Meanwhile, Lloyds fell 11 to 537p hampered by speculation that it was lining up a bid for one of three old candidates, TSB, Royal Bank of Scotland or Standard Chartered. One might have expected the bid candidates to improve but the whole sector was held back by a feeling that base rates will not be cut any further in the short-term.

### Queens Moat deal

The sale by the joint managing director of Queens Moat Houses of half his equity holding in the hotel group was followed by a heavy fall in the share price. The sale came just ahead of the closed period, during which company officers are prohibited from dealing in the stock market. Queens Moat, whose shares have traced an erratic path recently, will announce results at the beginning of April.

The shares were marked back sharply in August. They hit a low of 27½p when the board revealed an unexpected jump in debt, in spite of improved profits and increased dividend.

Yesterday, Mr Martin Marcus sold 500,000 shares at 57¼p and a further 600,000 at 57p, a slight discount to the prevailing market price. The shares fell heavily but later rallied to close at 53¼p, a fall of 4½. Turnover was a chunky 4.8m.

### Clifford approach

An announcement from Clifford Foods that it had been approached by a potential suitor prompted excitement in the food manufacturing sector. Market fingers pointed at Unigate, with analysts close to the company hinting that the two may have held discussions recently. Others which might be interested could include Avonmore, the Irish dairy group, Northern Foods, French concern BSN and MD Foods of Denmark.

Clifford is family-controlled and any offer would have to be agreed. Its concentration in the south-eastern liquid milk market would fit into Unigate's acquisitive milk-orientated strategy. Analysts put a price tag of around £50m on Clifford, a sum easily affordable by Unigate without resorting to issuing paper. Clifford ordinary voting shares jumped 85 to 505p, with the 'A' shares up 32 at 216p. Unigate slipped 5 to 325p and Northern a penny to 262p.

Merchant bank Hambros had a volatile share performance ahead of an announcement that it had won a court case brought it in Oslo by the Norwegian Guarantee Institute. The shares were down 58 earlier as investors thought Hambros had lost the case but they finished a net 15 up on the day at 313p.

Water utility shares lifted as analysts said their average dividend growth was likely to outpace that of the market and stressed the companies' defensive qualities. Thames Water was up 10 at 497p, Severn Trent 8 at 474p and Anglian Water 7 at 488p. Panmure Gordon's Mr Angelos Anastasiou estimates real dividend growth for the market at nine per cent over the next five years compared with 19 per cent for the water sector.

Fisons lifted 6 to 233p following an announcement from the company that it has signed a marketing deal. The deal is not significant in itself but lends growing support to the growing view that the company is more viable. There was also a return of lingering bid speculation.

Croda International jumped 13 to 263p on hopes for a new multiple sclerosis treatment. However, the company sought to temper optimism saying clinical trials had not begun yet.

Worries over the possibility of VAT being imposed on food in the Budget again put food retail stocks under a cloud. Argyll Group declined 6 to 374p, J Sainsbury 10 to 558p and Tesco 4 to 250p.

Rank Organisation was hit by two sets of switch advice, with Goldman Sachs advising a move into Ladbroke and Hoare Govett preferring Thorn EMI. Shares in the latter added 8 to 861p, while Ladbroke rose 3 to 203p and Rank recovered to close a penny adrift at 718p.

Analysts declared themselves little better off after a visit to a W.H Smith's Do It All facility. Speculation had been rife that the retailer may have taken the opportunity to announce a restructuring of the loss-making venture. Smith shares rose but then retreated to close a penny off at 425p.

Confirmation that Lord King had relinquished his role as chairman of British Airways was well received in the market and the shares jumped 5 to 293p. One analyst said; "What we were looking for was minimum disruption of a good management." The shares closed 8 up at 296p, with volume reaching 5.5m.

Shares in freight container and trailer rental company Tiphook fell 17 to 336p after several brokers downgraded profit expectations. The company's broker UBS Phillips & Drew reduced its current-year estimate by £5m to £75m, and the following year's figure by the same amount to £85m. NatWest Securities went from £80m to £72.5m, for this year and shaved the 1994 figure by £10m to £85m.

Yield buying, greater confidence over the dividend and and improved outlook for the property sector all helped P&O buck the market trend to add 5 at 570p.

Profit-taking in ERF Holdings saw the shares fall 23 to 232p. It was also profit-takers in British Aerospace which saw the shares fall 8 to 270p at the day's worst. But bargain hunters later in the day helped it close 2 lighter at 276p. Dealers said recent currency movements would benefit Siebe and the shares gained 10 to 489p.

Royal Insurance added 6 at 282p on talk that S.G. Warburg Securities was recommending the stock.

MARKET REPORTERS:
Christopher Price,
Joel Kibazo,
Peter John

■ Other market statistics, Page 9.

## NEW HIGHS AND LOWS FOR 1992/93

NEW HIGHS (276).

BRITISH FUNDS (1) Treas. 2½pc IL '01, AMERICANS (24) CANADIANS (3) BCE, Hudson's Bay, Nova Corp., BANKS (3) Asahi, Banco Bilbao Viz., Natl. Australia, BREWERS (1) Seagram, BLDG MATLS (6) Anglian, Kalon, Lilleshall, Do 8pc Pf., Marshalls 6½pc Pf., Titon, BUSINESS SERVS (3) Brit. Data Mngmt., ISS-Intl., Wills, CHEMS (5) BASF, Croda, Engelhard, Yorks., Yule Catto, CONGLOMERATES (2) Bodycote, Harrisons & Crosfield, CONTG & CONSTRCN (4) Bellway, Bryant, Eve, Sheriff, ELECTRICALS (2) Pifco, Do A, ELECTRONICS (12) Acorn, Blick, Cray, Diploma, Domino, Eurotherm, Ferranti, Learmonth & Burchett, MMT, Misys, Racal, Tunstall, ENG AERO (1) Hunting 6½pc Pf., ENG GEN (6) Carclo, Fairey, Halma, Molins, Siebe, VSEL, FOOD MANUF (5) Acatos & Hutcheson, Armour, Clifford N/V, Finlay (J), Unilever, FOOD RETAILING (2) Ashley 6¼pc Pf., Iceland Frozen, HEALTH & HSEHOLD (3) Beepak, Huntleigh Tech., Life Sciences, HOTELS & LEIS (2) Prism, Vardon, INSCE BROKERS (2) Alex. & Alex., Marsh & McLennan, INSCE COMPOSITE (6) Allianz, Amer. Gen., Amer. Intl., Aon, Hibernian, USF & G, INSCE LIFE (2) Lincoln Natl., Ltd. Friendly, INV TRUSTS (116) MEDIA (14) Abbott Mead Vickers, Avesco, Gold Greenlees Trott, Grampian, Haynes, LWT 5.90625p Pf., MMI Wts., Metal Bulletin, News Intl., Scottish TV, TVS Ents., Telegraph, Ulster TV, Utd. News., MERCHANT BANKS (4) Close Bros., Hambros, Do 7½pc Pf., Kleinwort Benson, MTL & MTL FORMING (2) Lloread, Saville (J), MISC (10) Alumasc, Black (P), Cowie, Glenchewton, LGW, Laser-Scan, Portmeirion Potts., Quicks, Rhino, Silentnight, MOTORS (6) Avon Rubber, Cowie, Lex, Lookers 8pc Pf., Mid-States, Trinity, OIL & GAS (3) Chevron, Occidental, Ramco, OTHER FINCL (9) Bancaire Cie, Govett, King & Shaxson, M & G, Mercury Asset, Provident Fincl., Secure, Smith New Court, Tyndall Aust., OTHER INDLS (1) Scapa, PACKG, PAPER & PRINTG (4) De La Rue, Hunters Armley, Microgen, Serif, PROP (2) Frogmore, Town Centre, STORES (4) Brown (N), Courts, Goldsmiths, GUS, TEXTS (5) Allied Text., Dewhirst, Hicking Pentecost, Leeds, Yorklyde, TRANSPORT (3) CSX, Forth Ports, 'Sea Cntrs., WATER (1) Mid Kent, SOUTH AFRICANS (1) NK Props., PLANTATIONS (1) Bertam, MINES (1) Antofagasta.

NEW LOWS (4).

BLDG MATLS (1) Chieftain, ELECTRONICS (1) Prestwick, ENG GEN (1) Wyko, OTHER FINCL (1) Cambridge.

## EQUITY FUTURES AND OPTIONS TRADING

FEARS of a rights issue in the banking sector led to a decline in stock index futures that was only curbed by a strong opening on Wall Street, writes Joel Kibazo.

The March contract on the FT-SE started firmly at 2,877 and advanced on good buying, reaching 2,897 by around 10am. The contract had been expected to continue moving forward but around mid-morning speculation of a rights issue in the banking sector surfaced.

This caused a retreat in March with sentiment also hurt by continuing worries in the food sector of an imposition of VAT on food.

The early gains in New York, however, helped the contract claw back some of the earlier falls and March finished at 2,871, just ahead of Thursday's close, with turnover reaching 11,251 lots.

The traded options saw business of 32,639 lots, down on Thursday's 43,859 lots. Some 7,027 lots were dealt in the FT-SE 100 option and among the stock options, GEC traded 4,118 contracts with Trafalgar House and Barclays also busy.

## FINANCIAL TIMES EQUITY INDICES

| | Feb 5 | Feb 4 | Feb 3 | Feb 2 | Feb 1 | Year ago | High* | Low* |
|---|---|---|---|---|---|---|---|---|
| Ordinary share | 2210.3 | 2218.9 | 2225.7 | 2195.7 | 2207.5 | 1945.1 | 2225.7 | 1670.0 |
| Ord. div. yield | 4.28 | 4.28 | 4.28 | 4.32 | 4.29 | 4.89 | 5.34 | 4.23 |
| Earning yld % full | 5.82 | 5.83 | 5.80 | 5.86 | 5.84 | 6.57 | [illegible] | [illegible] |
| P/E ratio net | 21.89 | 21.87 | 21.95 | 21.89 | 21.93 | 17.99 | 21.90 | 15.79 |
| P/E ratio nil | 20.15 | 20.17 | 20.28 | 20.01 | 20.13 | 16.97 | [illegible] | [illegible] |
| Gold Mines | 79.0 | 76.3 | 81.1 | 79.9 | 76.3 | 141.7 | 160.6 | 63.9 |

*for 1992/93. Ordinary share index since compilation: high 2225.7 3/2/93 - low 49.4 26/6/40
Gold Mines Index since compilation: high 734.7 15/2/83 - low 43.5 26/10/71
Basis Ordinary share 1/7/35; Gold Mines 12/9/55.

Ordinary Share hourly changes

| Open | 9.00 | 10.00 | 11.00 | 12.00 | 13.00 | 14.00 | 15.00 | 16.00 | High | Low |
|---|---|---|---|---|---|---|---|---|---|---|
| 2220.4 | 2224.0 | 2224.5 | 2225.6 | 2224.0 | 2217.5 | 2215.5 | 2210.3 | 2218.3 | 2225.8 | 2214.3 |

| | Feb 5 | Feb 4 | Feb 3 | Feb 2 | Feb 1 | Year ago |
|---|---|---|---|---|---|---|
| SEAQ Bargains | 35,741 | 41,764 | 34,779 | 35,804 | 38,005 | 31,591 |
| Equity Turnover(£m)† | - | 2141.3 | 1738.5 | 1497.6 | 1256.5 | 830.0 |
| Equity Bargains† | - | 47,709 | 40,201 | 44,803 | 39,134 | 24,895 |
| Shares traded (mil)† | - | 699.3 | 769.0 | 759.1 | 681.2 | 365.5 |

† Excluding intra-market business and overseas turnover.

London report and latest Share Index: Tel. 0891 123001. Calls charged at 36p/minute cheap rate, 48p at all other times.

## FT-A INDICES LEADERS AND LAGGARDS

Percentage changes since December 31 1992 based on Friday February 5 1993

| | | | | | |
|---|---|---|---|---|---|
| Gold Mines Index | + | 23.63 | Insurance Brokers | + | 4.97 |
| Engineering-Aerospace | + | 22.73 | Textiles | + | 4.35 |
| Metals & Metal Forming | + | 14.86 | Oil & Gas | + | 4.18 |
| Merchant Banks | + | 13.48 | Media | + | 3.58 |
| FT-SE SmallCap ex Inv Tst | + | 12.01 | Food Manufacturing | + | 3.43 |
| Property | + | 11.97 | Other Groups | + | 3.31 |
| FT-SE SmallCap | + | 11.77 | Telephone Networks | + | 3.06 |
| Contracting, Construction | + | 11.20 | Chemicals | + | 3.02 |
| Building Materials | + | 10.15 | Hotels & Leisure | + | 3.00 |
| Conglomerates | + | 8.97 | Insurance (Composite) | + | 2.53 |
| Engineering-General | + | 8.52 | FT-A All-Share | + | 2.34 |
| Banks | + | 8.28 | Other Industrials | + | 2.07 |
| Electricals | + | 8.26 | FT-SE-A 350 | + | 1.81 |
| Investment Trusts | + | 8.12 | "500" Share Index | + | 1.25 |
| Financial Group | + | 7.91 | Water | + | 1.01 |
| Insurance (Life) | + | 7.39 | Industrial Group | + | 0.92 |
| Capital Goods | + | 7.37 | FT-SE 100 | + | 0.58 |
| Motors | + | 7.31 | Food Retailing | + | 0.46 |
| Packaging, Paper & Printing | + | 7.16 | Electricity | - | 0.84 |
| Electronics | + | 6.98 | Stores | - | 2.93 |
| Business Services | + | 6.82 | Consumer Group | - | 3.00 |
| FT-SE Mid 250 | + | 6.55 | Brewers & Distillers | - | 4.53 |
| Transport | + | 5.56 | Health & Household | - | 11.86 |

## BENCHMARK GOVERNMENT BONDS

| | | Coupon | Red Date | Price | Change | Yield | Week ago | Month ago |
|---|---|---|---|---|---|---|---|---|
| AUSTRALIA | | 10.000 | 10/02 | 108.5079 | -0.481 | 8.68 | 8.80 | 8.97 |
| BELGIUM | | 8.750 | 06/02 | 107.1500 | +0.200 | 7.65 | 7.57 | 7.84 |
| CANADA * | | 8.500 | 04/02 | 103.8000 | - | 7.94 | 8.07 | 7.95 |
| DENMARK | | 8.000 | 06/03 | 95.2500 | -1.125 | 8.73 | 8.54 | 8.97 |
| FRANCE | BTAN | 8.500 | 03/97 | 102.7080 | +0.208 | 7.69 | 8.13 | 8.02 |
| | OAT | 8.500 | 11/02 | 104.7500 | +0.105 | 7.79 | 7.92 | 8.05 |
| GERMANY | | 8.000 | 07/02 | 106.1100 | +0.075 | 7.09 | 7.13 | 7.15 |
| ITALY | | 12.000 | 05/02 | 97.1300 | +0.575 | 12.92† | 13.21 | 13.85 |
| JAPAN | No 119 | 4.800 | 06/99 | 103.4036 | +0.412 | 4.13 | 4.27 | 4.43 |
| | No 145 | 5.500 | 03/02 | 107.8581 | +0.277 | 4.30 | 4.53 | 4.50 |
| NETHERLANDS | | 8.250 | 08/02 | 106.1500 | +0.230 | 7.03 | 7.11 | 7.12 |
| SPAIN | | 10.300 | 06/02 | 93.9760 | +0.975 | 11.35 | 11.82 | 12.66 |
| UK GILTS | | 18.000 | 11/96 | 111-06 | - | 6.56 | 8.78 | 7.21 |
| | | 9.750 | 06/02 | 111-03 | -3/32 | 8.05 | 8.09 | 8.29 |
| | | 9.000 | 10/08 | 103-29 | -5/32 | 8.53 | 8.61 | 8.66 |
| US TREASURY * | | 6.375 | 08/02 | 100-07 | +8/32 | 6.34 | 6.42 | 6.60 |
| | | 7.625 | 11/22 | 105-04 | -8/32 | 7.20 | 7.23 | 7.35 |
| ECU (French Govt) | | 8.500 | 03/02 | 102.9350 | +0.260 | 8.04 | 8.20 | 8.54 |

London closing, *denotes New York morning session. Yields: Local market standard
† Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

## RISES AND FALLS YESTERDAY

| | On Friday Rises | On Friday Falls | On Friday Same | On the week Rises | On the week Falls | On the week Same |
|---|---|---|---|---|---|---|
| British Funds | 25 | 37 | 15 | 211 | 122 | 52 |
| Other Fixed Interest | 4 | 2 | 9 | 19 | 15 | 41 |
| Commercial, Industrial | 387 | 252 | 782 | 2,262 | 1,022 | 3,825 |
| Financial & Property | 282 | 89 | 426 | 1,686 | 311 | 1,996 |
| Oil & Gas | 21 | 18 | 46 | 141 | 65 | 219 |
| Plantations | 1 | 0 | 8 | 12 | 3 | 30 |
| Mines | 28 | 14 | 98 | 212 | 82 | 410 |
| Others | 52 | 30 | 25 | 305 | 86 | 150 |
| Totals | 800 | 442 | 1,409 | 4,848 | 1,706 | 6,723 |

## FT-SE Actuaries Share Indices — THE UK SERIES

| FT-SE 100 | FT-SE MID 250 | FT-A ALL-SHARE |
|---|---|---|
| 2862.9 −3.0 | 3050.5 +7.7 | 1395.67 −0.37 |

| | Feb 5 | Day's change | Feb 4 | Feb 3 | Feb 2 | Year ago | Earnings yield % | Dividend yield % | P/E Ratio | Xd adj ytd | 1992/93 High | 1992/93 Low | Since compilation High | Since compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| FT-SE 100 | 2862.9 | −0.1 | 2865.8 | 2873.6 | 2834.4 | 2517.2 | 6.21 | 4.27 | 20.71 | 3.51 | 2873.8 3/2 | 2261.0 25/8 | 2873.8 3/2/93 | 986.9 23/7/84 |
| FT-SE Mid 250 | 3050.5 | +0.3 | 3042.8 | 3023.6 | 2995.3 | 2463.9 | 6.80 | 4.26 | 18.64 | 5.82 | 3050.5 5/2 | 2157.8 16/9 | 3050.5 5/2/93 | 1379.4 21/1/86 |
| FT-SE-A 350 | 1413.7 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| FT-SE SmallCap | 1524.33 | +0.3 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| FT-SE SmallCap ex Inv Trusts | 1527.56 | +0.2 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| FT-A ALL-SHARE | 1395.67 | − | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 1 CAPITAL GOODS(211) | 940.40 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 2 Building Materials(26) | 979.25 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 3 Contracting, Construction(29) | 822.12 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 4 Electricals(14) | 2770.46 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 5 Electronics(35) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 6 Engineering-Aerospace(7) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 7 Engineering-General(52) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 8 Metals & Metal Forming(11) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 9 Motors(16) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 10 Other Industrials(18) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 21 CONSUMER GROUP(232) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 22 Brewers and Distillers(28) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 25 Food Manufacturing(22) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 26 Food Retailing(18) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 27 Health & Household(28) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 29 Hotels and Leisure(25) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 30 Media(33) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 31 Packaging and Paper(23) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 34 Stores(39) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 35 Textiles(20) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 40 OTHER GROUPS(148) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 41 Business Services(27) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 42 Chemicals(24) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 43 Conglomerates(11) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 44 Transport(16) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 45 Electricity(16) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 46 Telephone Networks(4) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 47 Water(13) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 48 Miscellaneous(32) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 49 INDUSTRIAL GROUP(591) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 51 Oil & Gas(18) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 59 "500" SHARE INDEX(609) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 61 FINANCIAL GROUP(99) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 62 Banks(9) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 65 Insurance (Life)(6) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 66 Insurance (Composite)(7) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 67 Insurance Brokers(8) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 68 Merchant Banks(6) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 69 Property(28) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 70 Other Financial(25) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 71 Investment Trusts(107) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 99 FT-A ALL-SHARE(816) | 1395.67 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

### Hourly movements

| | Open | 9.00 | 10.00 | 11.00 | 12.00 | 13.00 | 14.00 | 15.00 | 15.10 | Close | High/day | Low/day |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| FT-SE 100 | 2867.3 | 2867.8 | 2862.4 | 2872.0 | 2866.9 | 2858.4 | 2856.8 | 2861.3 | 2864.2 | 2862.9 | 2883.5 | 2853.8 |
| FT-SE Mid 250 | 3045.9 | 3045.2 | 3048.2 | 3047.3 | 3045.8 | 3047.9 | 3048.4 | 3047.3 | 3051.9 | 3050.5 | 3051.3 | 3044.9 |
| FT-SE-A 350 | 1414.9 | 1415.1 | 1421.9 | 1417.1 | 1414.7 | 1411.7 | 1410.5 | 1412.7 | 1414.2 | 1413.7 | 1421.4 | 1409.7 |

### FT-SE Actuaries 350 Industry Baskets

| | Open | 9.00 | 10.00 | 11.00 | 12.00 | 13.00 | 14.00 | 15.00 | 15.10 | Close | Prev close | change |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Construction | 1608.3 | 1607.7 | 1616.2 | 1617.4 | 1620.8 | 1624.2 | 1623.6 | 1624.2 | 1625.8 | 1625.8 | 1625.8 | [illegible] |
| Health & H | 1145.0 | 1142.7 | 1143.5 | 1143.6 | 1141.8 | 1138.2 | 1136.2 | 1136.4 | 1133.6 | 1133.2 | [illegible] | [illegible] |
| Water | 1361.9 | 1362.2 | 1367.7 | 1370.0 | 1369.7 | 1368.5 | 1368.7 | 1367.1 | 1367.7 | 1370.1 | [illegible] | [illegible] |
| Banks | 1606.7 | 1601.4 | 1602.7 | 1575.8 | 1575.7 | 1570.7 | 1566.4 | 1569.1 | 1580.5 | 1577.6 | [illegible] | [illegible] |

| Equity section or group | Base date | Base value | Equity section or group | Base date | Base value | Equity section or group | Base date | Base value |
|---|---|---|---|---|---|---|---|---|
| FT-SE SmallCap | 31/12/92 | 1363.79 | Engineering - General | 29/12/89 | 486.00 | Other Financial | 31/12/70 | 128.06 |
| FT-SE SmallCap ex Inv Trust | 31/12/92 | 1363.79 | Water | 29/12/89 | 1868.45 | Food Manufacturing | 29/12/67 | 114.13 |
| FT-SE Mid 250 | 31/12/85 | 1412.60 | Conglomerates | 31/12/88 | 1114.07 | Food Retailing | 29/12/67 | 114.13 |
| FT-SE-A 350 | 31/12/85 | 682.94 | Telephone Networks | 30/11/84 | 517.92 | Insurance Brokers | 29/12/67 | 96.67 |
| FT-SE 100 | 31/12/83 | 1000.00 | Electronics | 30/12/83 | 1646.65 | All Other | 10/4/62 | 100.00 |
| Business Services | 31/12/90 | 999.95 | Other Industrial Materials | 31/12/80 | 287.41 | British Government | 31/12/75 | 100.00 |
| Electricity | 31/12/90 | 999.65 | Health/Household Products | 30/12/77 | 261.77 | Do. Index-linked | 30/4/82 | 100.00 |
| Media | 31/12/90 | 1226.65 | Other Groups | 31/12/74 | 63.75 | Debs & Loans | 31/12/77 | 100.00 |
| Engineering - Aerospace | 29/12/89 | 486.00 | Industrial Group | 31/12/70 | 128.20 | | | |

† Sector P/E ratios greater than 80 are not shown. ‡ Values are negative. The FT-SE 100, the FT-SE Mid 250 and the FT-SE Actuaries 350 indices are compiled by the London Stock Exchange and the FT-Actuaries All-Share Index and the FT-SE SmallCap Index are compiled by The Financial Times Limited, both in conjunction with the Institute of Actuaries and the Faculty of Actuaries under a standard set of ground rules.  "FT-SE" and "Footsie" are joint trade marks and service marks of the London Stock Exchange and The Financial Times Limited. Auditor: The WM Company.

# FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available from FT Cityline. For further details call (071) 925 2128.

## AUTHORISED UNIT TRUSTS

**AIB Unit Trust Managers Limited (1000)F**
51 Belmont Rd, Uxbridge, Middx UB8 1RZ 0895 259783

| | Init Chrge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| AIB Grofund American | 5 | 167.5 | 169.3 | 178.2 | +0.20 | 0.00 |
| AIB Grofund Equity | 5 | 204.4 | 209.3 | 221.4 | -0.30 | 5.31 |
| AIB Grofund Euro | 5 | 156.7 | 159.0 | 167.4 | +1.70 | 0.54 |
| AIB Grofund Exe Balanced | 3 | 103.6 | 105.5 | 108.8 | +1.40 | 2.15 |
| AIB Grofund Gilt | 3 | 76.05 | 76.07 | 78.90 | -0.07 | 5.32 |
| AIB Grofund Japan | 5 | 128.3 | 129.0 | 136.6 | +0.20 | 0.00 |

**AXA Equity & Law Unit Tst Mngrs (1200)H**
Equity & Law Hse, Corporation St, Coventry 0203 553231

| | Init Chrge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| General Inc | 5 | 414.0 | 416.5 | 443.1 | -1.6 | 2.67 |
| General Acc | 5 | 451.7 | 453.5 | 482.5 | -1.0 | 2.67 |
| UK Growth Acc | 6 | 305.6 | 307.0 | 327.5 | -1.4 | 3.01 |
| UK Growth Inc | 6 | 217.6 | 220.6 | 234.7 | -1.0 | 3.01 |
| Higher Inc Acc | 6 | 539.6 | 547.5 | 582.3 | -0.3 | 4.18 |
| Higher Inc Inc | 6 | 332.9 | 337.5 | 359.2 | -0.2 | 4.18 |
| Gilts/Fxd Int Acc | 5½ | 171.7 | 171.7 | 181.3 | -0.4 | 6.64 |
| Gilts/Fxd Int Inc | 5½ | 92.50 | 92.50 | 97.70 | -0.23 | 6.63 |
| Nth America | 6 | 276.3 | 282.0 | 300.0 | +0.5 | 0.00 |
| Far East | 6 | 248.5 | 248.5 | 264.4 | -1.0 | 0.21 |
| Europe | 5 | 212.0 | 212.0 | 225.6 | +2.9 | 1.12 |
| Brit ExcelK | 6 | 62.70 | 62.70 | 00.71 | -0.29 | 3.08 |
| Brit Fndwth Acc | 6 | 81.84 | 81.84 | 87.07 | -0.08 | 5.21 |
| Brit Fndwth Inc | 6 | 04.24 | 04.24 | 68.34 | -0.07 | 5.21 |
| Global Opps | 6 | 68.29 | 50.96 | 73.37 | +0.51 | 0.00 |

**Abbey Unit Tst Mngrs (1000)H**
80 Holdenhurst Rd, Bournemouth 0345 717373

| | Init Chrge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| Gilts & Fixed Int | 6 | 128.7 | 128.7xd | 134.4 | -0.1 | 6.96 |
| High Inc Equity | 6 | 146.2 | 149.0xd | 158.5 | +0.8 | 5.36 |
| Worldwide Bond | 6 | 262.9 | 262.9xd | 278.5 | -0.4 | 4.49 |
| American Growth | 6 | 304.4 | 304.4xd | 325.5 | +1.4 | .45 |
| Asian Pacific | 6 | 200.7 | 204.9 | 217.9 | -0.1 | .00 |
| Assets & Earnings | 6 | 220.3 | 224.6 | 238.9 | +1.0 | 2.50 |
| Capital Reserve Acc | 0 | 125.1 | 125.1 | 125.5 | +0.1 | 5.93 |
| Comdty & Energy | 6 | 64.04 | 67.84 | 77.70 | +0.52 | 1.23 |
| 1992 Enterprise | 6 | 78.54 | 78.54 | 84.00 | +0.28 | 2.90 |
| Euro Capital Acc | 6 | 105.4 | 105.4 | 112.7 | +1.2 | .92 |

**Britannia Life Unit Managers Ltd (1200)F**
50 Bothwell Street, Glasgow G2 6HR

| | Init Chrge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| Balanced Growth | 6 | 92.37 | 93.41 | 99.4 | [illegible] | [illegible] |
| Do (Accum) | 6 | 100.85 | 101.85 | 109.0 | [illegible] | [illegible] |
| Smaller Cos | 6 | 73.34 | 77.13 | 82.4 | [illegible] | [illegible] |
| Do (Accum) | 6 | 81.47 | 83.40 | 40.20 | [illegible] | [illegible] |
| Higher Yield | 6 | 34.88 | 37.29xd | 89.88 | [illegible] | [illegible] |
| Do (Accum) | 6 | 50.32 | 50.87 | 64.90 | [illegible] | [illegible] |
| American Gth Inc | 6 | 59.42 | 59.60xd | 63.74 | [illegible] | [illegible] |
| Do (Accum) | 6 | 60.55 | 60.73 | 64. | [illegible] | [illegible] |
| European Growth | 6 | 94.17 | 94.47 | 101.0 | [illegible] | [illegible] |
| Do (Accum) | 6 | 95.04 | 95.35 | 101.97 | [illegible] | [illegible] |
| Global Bond Inc | 6 | 29.37 | 29.37 | 31.1 | [illegible] | [illegible] |
| Do (Accum) | 6 | 36.08 | 36.09 | 38.2 | [illegible] | [illegible] |
| Managed P'folio Inc | 6 | 34.11 | 34.19 | 36.5 | [illegible] | [illegible] |
| (Do Accum) | 6 | 34.21 | 34.28 | 36.67 | [illegible] | [illegible] |
| Pacific Growth Accum | 6 | 85.19 | 85.95 | 91.91 | [illegible] | [illegible] |
| Intl Spec Opps Accum | 6 | 84.08 | 85.08 | 91.00 | [illegible] | [illegible] |

**Brown Shipley & Co Ltd (1000)F**
9-17 Perrymount Rd Haywards Hth 0444 412262

| | Init Chrge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| Mngd P'folio Inc | 6 | 91.06 | 90.06xd | 96.98 | +0.55 | 2.14 |
| Mngd P'folio Acc | 6 | 170.5 | 170.5 | 181.6 | +1.10 | - |
| UK General | 6 | 147.1 | 147.1 | 156.7 | +1.90 | 3.24 |
| Conv & General | 6 | 19.35 | 19.35 | 20.70 | +0.05 | 7.45 |
| European Inc | 6 | 21.90 | 21.96 | 23.65 | -0.14 | 0.40 |
| European Acc | 6 | 22.64 | 22.64 | 44.42 | -0.15 | - |
| Financial | 6 | 112.2 | 112.2 | 119.5 | ---- | 3.75 |
| Foundation | 5 | 71.70 | 73.45 | 78.22 | +0.31 | 3.59 |
| German | 6 | 39.73 | 39.75 | 42.63 | -0.27 | 0.09 |
| Growth Inc †(5-1) | 6 | 27.03 | 27.85 | 29.73 | +0.06 | 3.11 |
| Growth Acc †(5-1) | 5 | 32.43 | 32.43 | 64.62 | +0.08 | - |
| High Income | 6 | 77.73 | 72.11 | 77.15 | ---- | 7.15 |
| Income | 6 | 121.3 | 123.8 | 132.5 | +0.70 | 4.38 |
| Intl Income | 6 | 88.80 | 88.80xd | 94.57 | +0.91 | 5.16 |
| Intl Growth ‡ | 6 | 33.06 | 33.06 | 35.21 | -0.27 | 0.22 |
| Monthly Income | 6 | 67.75 | 69.75 | 74.26 | +0.22 | 4.54 |
| North American | 6 | 112.3 | 113.7xd | 121.1 | -0.10 | 0.18 |
| Orient ‡ | 6 | 96.95 | 96.95 | 104.3 | -0.29 | - |
| Recovery | 6 | 34.52 | 36.07 | 38.78 | -0.28 | 3.05 |
| Smaller Cos Acc | 6 | 240.5 | 257.3 | 274.0 | +1.90 | - |
| Smaller Cos Inc | 5 | 140.7 | 150.6 | 160.4 | +1.00 | 1.44 |

**Brycourt Unit Tst Mgmt Ltd (1400)F**
Hesketh Hse, Portman Sq, W1H 0JR 071-935 6382

| | Init Chrge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| Income Growth | 1 | 189.5 | 189.5 | 194.5 | ---- | 6.42 |

**Buckmaster Mangmt Co Ltd (0930)H**
15 St Botolph Street, London EC3A 7JJ 071-247 4542

## Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

**INITIAL CHARGE:** Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

**OFFER PRICE:** Also called issue price. The price at which units are bought by investors.

**BID PRICE:** Also called redemption price. The price at which units are sold back by investors.

**CANCELLATION PRICE:** The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

**TIME:** The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (♣) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

**HISTORIC PRICING:** The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

**FORWARD PRICING:** The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

**SCHEME PARTICULARS AND REPORTS:** The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH
Tel: 071-379-0444.

# FT MANAGED FUNDS SERVICE

• Current Unit Trust prices are available from FT Cityline. For further details call ( 071 ) 925 2128.

Sharp (Albert E.) & Co (1000)F
Admin: 5 Rayleigh Rd Hutton, Brentwood Essex

Sheppards Unit Trust Mngmt Ltd (1200)F
1 White Hart Yard, London Bridge SE1 071-407 5966

Singer & Friedlander UT Mgmt Ltd (1000)F
PO Box 224, Beckenham, BR3 4TF 081-663 3003

Smith & Williamson Unit Tst Mgrs (1600)F
1 Riding House St, London W1A 3AS 071-637 5377

Societe Generale Touche Remnant (1200)F
Mermaid Hse, 2 Puddle Dock, EC4V 3AT 071-410 4029

Whittingdale Unit Tst Mgmt Ltd (0830)F
2 Honey Lane, London EC2V 8BT

Woolwich Unit Trust Managers Ltd (1700)H
1 White Oak Square, Swanley BR8 7AG

## OTHER UK UNIT TRUSTS

Baillie Gifford & Co Ltd

Baring Investment Mngmt Ltd
155 Bishopsgate, London EC2M 3XY

James Capel Fund Managers Ltd

Cent. Bd. of Fin. of Church of England‡‡
2 Fore Street, London EC2Y 5AQ
Deposit Fund: See Money Market Trust Funds.

## INSURANCES

Continued on next page

# FT MANAGED FUNDS SERVICE

• Current Unit Trust prices are available from FT Cityline. For further details call ( 071 ) 925 2128

**Prolific Life & Pensions Ltd**
Stramongate, Kendall, Cumbria LA9 4U8 0539 733733
Managed Fund see Balanced Growth Managed Fund

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Life Funds | | | | |
| Balanced Grwth Mngd... | 676 7 | 719 9 | +1.9 | - |
| Adventurous Mngd. | 167.2 | 177 9 | +0.5 | - |
| Cautious Mngd . | 128.5 | 136 8 | +0 4 | - |
| Cash 7d. | 317.3 | 334 9 | +0 3 | - |
| Property Fund | 216.7 | 230.6 | .... | - |
| Equity Fund | 788 1 | 838.5 | +2.6 | - |
| Fxd. Int. Fund ... | 915 6 | 438 0 | +0.1 | - |
| International. | 348 8 | 371.1 | +1 2 | - |
| High Income | 608 1 | 647.8 | +3.5 | - |
| Far East | 460 2 | 489 6 | +1.7 | - |
| North American... | 487 9 | 519.1 | +1 3 | - |
| Special Sits. | 555 6 | 591.1 | -0 0 | - |
| Technology | 490.4 | 521 8 | +1.3 | - |
| Extra Int Fd . | 330 3 | 351 4 | +0 8 | - |
| Convertible & Gilt F4 | 159 2 | 169.4 | +0 4 | - |
| American Income... | 191.6 | 203.9 | +0 9 | - |
| Gilt Fund 20 | 446.3 | 474 8 | | - |
| European Fund | 125 9 | 111 9 | +0 8 | - |
| Pref & Fixed Inr | 113.6 | 120 9 | +0 2 | - |
| UK Blue Chip | 119 0 | 125 5 | -0 1 | - |
| Recovery Fund | 117.4 | 123 8 | -0 1 | - |
| Equity Income Dist..... | 109 7 | 116 8 | +0.4 | 4.88 |
| Managed Dist ... | 105 4 | 110 1 | +0.3 | 5 00 |
| High Yield Dist. | 104 9 | 110 6 | +0.2 | 8.35 |
| Pension Funds | | | | |
| Bal'nd Gth Mgd Pen Acc. | 800.0 | 842 2 | +3 9 | - |
| Adventurous Mgd Pen Acc. | 177 8 | 187 2 | +0.7 | - |
| Cautious Mngd Pens Acc. | 149.0 | 156 9 | +0.5 | - |
| Building Soc. Acc. | 366 1 | 385 4 | +0 5 | - |
| Property Pens Acc . | 295 4 | 311 0 | | - |
| Fix Int. Pens Acc.... | 651.3 | 685 6 | -1 1 | - |
| Equity Pens Acc. | 1032 2 | 1086 6 | +7 2 | - |
| International Pen Acc... | 326 5 | 343.7 | +1.2 | - |
| High Inc Pens Acc | 687 4 | 723 6 | +5 1 | - |
| Tech Pens Acc. | 348 2 | 366.6 | +1.0 | - |
| N American Pens Acc. | 378.0 | 397 9 | +2.9 | - |
| Far Eastern Pens Acc... | 469 2 | 495 9 | +2 1 | - |
| Special Sits Pens Acc.. | 459 3 | 483 7 | -0.4 | - |
| Extra Income Pens Fd. | 407 4 | 428 9 | +1 1 | - |
| Convertible & Gilt Pen. | 191.9 | 204 2 | +1 2 | - |
| American Inc Pens. | 222 5 | 234 3 | +0 4 | - |
| European Pens. | 138 2 | 145 5 | [illegible] | - |
| Managed Cash Pens. | 172 4 | 181 5 | [illegible] | - |
| Pref & Fixed Pens | 132.2 | 139 2 | [illegible] | - |
| UK Blue Chip | 126 8 | 111 5 | -0 2 | - |

**J Rothschild Assurance PLC**
J Rothschild House, Dollar Street, Cirencester
Telephone: 0285 640302 Helpline: 041 307 6500

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Life Funds | | | | |
| JRA/M&G Managed | 110 6 | 124.9 | +0.30 | - |
| JRA/Scottish Amicable Mngd. | 114.3 | 120.4 | -0 10 | - |
| JRA/St James's Place Mngd | 121 6 | 128.0 | +0.20 | - |
| Deposit | 100.4 | 105.7 | .... | - |
| Far East | 119.5 | 125.8 | -0.20 | - |
| Gilts | 106.5 | 112.2 | ..... | - |
| Greater European | 119.7 | 120 8 | +0.20 | - |
| North American | 139.9 | 147.3 | +0.00 | - |
| UK Equity | 119.7 | 126.0 | -0 30 | - |
| Pension Funds | | | | |
| JRA/M&G Managed cap. | 117.4 | 123 6 | +0 40 | - |
| JRA/M&G Managed acc. | 121.6 | 128.1 | +0.50 | - |
| JRA/Scottish Amicable Mngd cap. | 114 0 | 100 1 | ..... | - |
| JRA/Scottish Amicable Mngd acc. | 118.1 | 124 4 | - | - |
| JRA/St James's Pl Mngd cap. | 127 1 | 133 8 | ..... | - |
| JRA/St James's Pl Mngd Acc. | 131.7 | 138.7 | +0.20 | - |
| Deposit cap. | 100.2 | 105 5 | - - | - |
| Deposit acc. | 105 0 | 109.3 | ..... | - |
| Far East cap | 116 5 | 122.7 | -0 20 | - |
| Far East acc. | 120 7 | 127 1 | -0.20 | - |
| Gilts cap | 104.1 | 109.6 | - | - |
| Gilts acc | 107.9 | 111 6 | ..... | - |
| Greater European cap... | 116 0 | 122.2 | +0.30 | - |
| Greater European acc... | 120.2 | 126 6 | +0.30 | - |
| North American cap | 140 8 | 148.5 | +0.30 | - |
| North American acc.... | 140 0 | 153.7 | +0 30 | - |
| UK Equity cap. | 119 9 | 126.3 | - | - |
| UK Equity acc | 124.2 | 130 8 | .. .. | - |

**Royal Heritage Life Assurance Ltd**
Peterborough Business Pk, PE2 6GG 0733 390000

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Multi Grwth | | 595.8 | ..... | - |
| Multi Grwth & Cap | 388 1 | 408 5 | .. | - |
| Multi Grwth & Accum. | 593 8 | 625.1 | . .. | - |
| Op Prop | 408 7 | 430.3 | .. .. | - |
| Op Equity | 876 1 | 922.3 | +2.9 | - |
| Op High Yld | 510 1 | 537.0 | -0.5 | - |
| Op Man | 718.7 | 756.6 | +1.5 | - |
| Op Dep | 370.2 | 389.8 | — | - |
| Op Int Dist | 204 7 | 215.5 | +0.4 | - |
| Op Ita Man | 389 1 | 409 6 | -0.1 | - |
| Op Emerging Co's | 441.8 | 465.1 | +2.1 | - |
| Op Money | 103.3 | 108.6 | . . | - |
| European | 99 0 | 100.1 | +0 4 | - |
| Pension Funds | | | | |

## OFFSHORE INSURANCES

## MANAGEMENT SERVICES

## OFFSHORE AND OVERSEAS

## BERMUDA (SIB RECOGNISED)

## CANADA (SIB RECOGNISED)

## GUERNSEY (SIB RECOGNISED)

## GUERNSEY (REGULATED)(**)

## IRELAND (SIB RECOGNISED)

## IRELAND (REGULATED)(**)

## ISLE OF MAN (SIB RECOGNISED)

## ISLE OF MAN (REGULATED)(**)

# FT MANAGED FUNDS SERVICE

• Current Unit Trust prices are available from FT Cityline. For further details call ( 071 ) 925 2128.

| | Bid Price | Offer Price | + or − | Yield Gross |
|---|---|---|---|---|
| **John Govett Management (IoM) Ltd** | | | | |
| **IBI Global Funds Limited** | | | | |
| **H & H Fund Managers Ltd** | | | | |

## JERSEY (SIB RECOGNISED)

**AIB Fund Managers (CI) Ltd**
PO Box 468 St Helier Jersey 0534 36635

## JERSEY (REGULATED)(**)

## LUXEMBOURG (SIB RECOGNISED)

## LUXEMBOURG (REGULATED)(**)

## SWITZERLAND (SIB RECOGNISED)

## OTHER OFFSHORE FUNDS

**MANAGED FUNDS NOTES**

**Mineruls, Oils Res. Shrs. Fd. Inc.**

| | Bid Price | Offer Price | + or − | Yield Gross |
|---|---|---|---|---|
| Mnrs Feb 4 | $13.47 | 13.75 | .... | 2.91 |

# WORLD STOCK MARKETS

## US MARKETS
(3 pm)

## CANADA
(3 pm)

## JAPAN

## INDICES

### NEW YORK
### DOW JONES

| | Feb 4 | Feb 3 | Feb 2 | Feb 1 | 1992/93 HIGH | 1992/93 LOW | Since compilation HIGH | Since compilation LOW |
|---|---|---|---|---|---|---|---|---|
| Industrials | 3416.74 | 3373.79 | 3328.67 | 3332.10 | 3416.74 (4/2/93) | 3136.58 (9/10/92) | 3416.74 (4/2/93) | 41.22 (2/7/32) |
| Home Bonds | 105.57 | 105.27 | 105.12 | 104.85 | 105.57 (4/2/93) | 98.41 (20/3/92) | 105.57 (4/2/93) | 54.99 (1/10/81) |
| Transport | 1579.54 | 1542.48 | 1528.70 | 1517.50 | 1579.54 (4/2/93) | 1204.40 (25/8/92) | 1579.54 (4/2/93) | 12.32 (8/7/32) |
| Utilities | 234.16 | 232.04 | 229.53 | 228.28 | 234.16 (4/2/93) | 200.74 (8/4/92) | 236.23 (2/1/90) | 10.50 (8/4/32) |

DJ Indl. Day's High 3441.33 (3397.83) Low 3367.08 (3322.73) (Theoretical‡)
Day's High 3423.50 (3379.46) Low 3368.82 (3328.67) (Actual‡)

### STANDARD AND POOR'S

| | Feb 4 | Feb 3 | Feb 2 | Feb 1 | 1992/93 HIGH | 1992/93 LOW | Since compilation HIGH | Since compilation LOW |
|---|---|---|---|---|---|---|---|---|
| Composite ‡ | 449.56 | 447.20 | 442.56 | 442.52 | 449.56 (4/2/93) | 394.50 (8/4/92) | 449.56 (4/2/93) | 4.40 (1/6/32) |
| Industrials | 518.43 | 516.62 | 511.33 | 512.23 | 518.43 (4/2/93) | 470.91 (8/4/92) | 518.43 (4/2/93) | 3.62 (31/5/32) |
| Financial | 44.32 | 43.70 | 43.11 | 42.84 | 44.32 (4/2/93) | 32.40 (8/4/92) | 44.32 (4/2/93) | 8.64 (1/10/74) |
| NYSE Composite | 247.60 | 245.45 | 243.98 | 243.81 | 247.98 (4/2/93) | 217.92 (8/4/92) | 247.98 (4/2/93) | 4.46 (25/4/42) |
| Amex Mkt. Value | 415.51 | 414.89 | 412.10 | 411.63 | 418.99 (12/2/92) | 364.85 (9/10/92) | 418.99 (12/2/92) | 29.31 (9/12/72) |
| NASDAQ Composite | 706.85 | 708.67 | 705.12 | 701.77 | 708.85 (4/2/93) | 547.84 (26/6/92) | 708.85 (4/2/93) | 54.87 (31/10/72) |

| | Jan 29 | Jan 22 | Jan 15 | year ago (approx.) |
|---|---|---|---|---|
| Dow Industrial Div. Yield | 3.13 | 3.10 | 3.17 | 2.88 |

| | Feb 3 | Jan 27 | Jan 20 | year ago (approx.) |
|---|---|---|---|---|
| S & P Industrial div. yield | 2.46 | 2.51 | 2.60 | 2.56 |
| S & P Ind. P/E ratio | 27.44 | 26.98 | 26.82 | 25.43 |

| | Feb 5 | Feb 4 | Feb 3 | Feb 2 | 1992/93 HIGH | 1992/93 LOW |
|---|---|---|---|---|---|---|
| **AUSTRALIA** | | | | | | |
| All Ordinaries (1/1/80) | 1543.3 | 1531.4 | 1530.2 | 1530.2 | 1684.50 (22/5/92) | 1357.20 (16/11/92) |
| All Mining (1/1/80) | 595.8 | 588.6 | 590.5 | 593.1 | 726.80 (3/7/92) | 545.40 (16/11/92) |
| **AUSTRIA** | | | | | | |
| Credit Aktien (30/12/84) | 335.86 | 333.70 | 333.30 | 330.17 | 450.57 (24/2/92) | 291.41 (13/8/92) |
| Traded Index (2/1/91) | 801.39 | 795.24 | 797.19 | 788.27 | 1089.43 (24/2/92) | 682.98 (13/8/92) |
| **BELGIUM** | | | | | | |
| BEL20 (1/1/91) | 1239.91 | 1228.24 | 1212.88 | 1208.80 | 1235.40 (2/6/92) | 1046.07 (2/9/92) |
| **DENMARK** | | | | | | |
| Copenhagen SE (3/1/83) | 284.55 | 288.64 | 285.66 | 283.93 | 395.29 (15/1/92) | 250.42 (28/10/92) |
| **FINLAND** | | | | | | |
| HEX General (28/12/90) | 901.0 | 881.4 | 875.1 | 875.0 | 935.90 (24/2/92) | 541.90 (7/9/92) |
| **FRANCE** | | | | | | |
| CAC General (31/12/81) | 494.11 | 488.14 | 478.01 | 478.77 | 555.93 (12/5/92) | 441.70 (7/10/92) |
| CAC 40 (31/12/87) | 1908.18 | 1854.38 | 1824.14 | 1787.31 | 2077.49 (11/5/92) | 1611.04 (5/10/92) |
| **GERMANY** | | | | | | |
| FAZ Aktien (31/12/58) | 643.00 | 630.27 | 625.78 | 620.96 | 725.28 (26/5/92) | 565.61 (12/10/92) |
| Commerzbank (1/12/53) | 1882.80 | 1785.80 | 1773.00 | 1781.20 | 2043.80 (25/5/92) | 1594.60 (12/10/92) |
| DAX (30/12/87) | 1641.37 | 1601.61 | 1601.93 | 1583.09 | 1811.57 (25/5/92) | 1420.30 (6/10/92) |
| **HONG KONG** | | | | | | |
| Hang Seng Bank (31/7/64) | 5747.21 | 5778.01 | 5710.50 | 5562.53 | 6447.11 (12/11/92) | 4301.70 (2/1/92) |
| **IRELAND** | | | | | | |
| ISEQ Overall (4/1/88) | 1349.42 | 1342.28 | 1324.44 | 1344.08 | 1469.57 (17/1/92) | 1094.88 (19/10/92) |
| **ITALY** | | | | | | |
| Banca Com. Ital. (1972) | 504.21 | 498.14 | 490.96 | 491.50 | 851.89 (6/2/92) | 354.93 (16/9/92) |
| MIB General (4/1/93) | 1114.0 | 1100.0 | 1084.0 | 1085.0 | 1114.00 (5/2/93) | 992.00 (11/1/93) |
| **JAPAN** | | | | | | |
| Nikkei (16/5/49) | 17332.90 | 17180.63 | 17222.03 | 17188.31 | 23801.18 (6/1/92) | 14309.41 (18/8/92) |
| Tokyo SE (Topix) (4/1/68) | 1308.47 | 1300.63 | 1307.80 | 1301.61 | 1763.43 (6/1/92) | 1102.50 (18/8/92) |
| 2nd Section (4/1/68) | 1690.33 | 1684.42 | 1685.38 | 1674.18 | 2459.85 (6/1/92) | 1502.77 (19/8/92) |
| **MALAYSIA** | | | | | | |
| KLSE Composite (4/4/86) | 644.83 | 642.95 | 639.24 | 628.38 | 680.35 (5/11/92) | 546.63 (14/1/92) |
| **NETHERLANDS** | | | | | | |
| CBS Tot.Rtn.Gen.(End 1983) | 307.2 | 305.0 | 303.4 | 302.0 | 314.90 (6/6/92) | 274.00 (8/1/92) |
| CBS All Shr (End 1983) | 206.6 | 205.3 | 204.2 | 203.3 | 215.50 (29/5/92) | 189.70 (25/8/92) |
| **NORWAY** | | | | | | |
| Oslo SE (Ind) (2/1/83) | 696.41 | 693.99 | 695.60 | 690.56 | 772.74 (18/5/92) | 532.43 (25/8/92) |
| **PHILIPPINES** | | | | | | |
| Manila Comp (2/1/85) | 1342.01 | 1337.04 | 1331.88 | 1334.73 | 1580.95 (11/6/92) | 1083.01 (17/3/92) |
| **SINGAPORE** | | | | | | |
| SES All-Singapore (2/4/75) | 410.81 | 411.09 | 412.49 | 412.54 | 416.99 (21/1/92) | 351.41 (21/10/92) |
| **SOUTH AFRICA** | | | | | | |
| JSE Gold (28/9/78) | 871.0♥ | 885.0 | 893.0 | 894.0 | 1327.00 (21/1/92) | 746.00 (10/11/92) |
| JSE Industrial (28/9/78) | 4589.0♥ | 4581.0 | 4536.0 | 4544.0 | 4589.00 (4/2/93) | 3935.00 (19/10/92) |
| **SOUTH KOREA**** | | | | | | |
| Korea Comp Ex. (4/1/80) | 677.31 | 684.04 | 678.34 | 686.10 | 709.77 (9/1/93) | 459.07 (21/8/92) |
| **SPAIN** | | | | | | |
| Madrid SE (30/12/85) | 238.82 | 237.82 | 236.40 | 233.98 | 286.51 (28/2/92) | 178.48 (5/10/92) |
| **SWEDEN** | | | | | | |
| Affarsvärlden Gen. (1/2/37) | 928.2 | 908.8 | 902.6 | 908.8 | 1014.58 (11/5/92) | 638.00 (5/10/92) |
| **SWITZERLAND** | | | | | | |
| Swiss Bank Ind. (31/12/58) | 943.3 | 934.8 | 931.0 | 933.8 | 943.30 (5/2/93) | 748.60 (8/1/92) |
| SBC General (1/4/87) | 719.2 | 713.8 | 710.3 | 710.3 | 719.20 (5/2/93) | 598.40 (28/8/92) |
| **TAIWAN**** | | | | | | |
| Weighted Price (30/6/66) | 3621.46 | 3571.49 | 3553.36 | 3542.26 | 5391.63 (30/1/92) | 3098.43 (8/1/93) |
| **THAILAND** | | | | | | |
| Bangkok SET (30/4/75) | 980.05 | 872.16 | 875.36 | 989.80 | 990.44 (25/1/93) | 667.84 (19/8/92) |

## WORLD STOCK MARKETS

**AMERICA**

# Dow extends its climb on jobs report

### Wall Street

BIG BOARD shares rallied yesterday morning, lifted by an encouraging January employment report and residual bullishness from the cut in German rates, *writes Karen Zagor in New York.*

At 1 pm, the Dow Jones Industrial Average was up 5.94 at 3,422.68 after climbing more than 24 points earlier in the day. Othsr market indices failed to keep pace with the Dow's roaring psrformance. The more broadly based Standard & Poor's 500 eased 2.10 to 447.46 and the Nasdaq composite dropped 9.16 to 699.69. The Amex composite moved higher in morning trading, adding 0.86 to 416.37. Trading volume on the NYSE was heavy at 196m shares by 1 pm, and declines led rises by 987 to 826.

The Dow, which surged more than 106 points in the first four days of the week, rose 42.95 on Thursday to 3,216.74.

Investors took heart from the January employment report, which showed a 106,000 addition to non-farm payrolls and a decline in the unemployment rate to 7.1 per cent from 7.3 per cent. December non-farm payrolls were adjusted up to 90,000 from 64,000.

Chrysler, which has moved steadily higher since the successful completion of its huge new stock offering earlier this week, firmed $1⅛ to $40⅞. Among the other big three auto makers, General Motors rose $⅞ to $38¾ and Ford held steady at $50.

Shares in cellular telephone companies, which rallied earlier this week on raports that there was no evidence of a link between cellular phone use and cancer, were mixed in mid-session trading. Motorola fell $¾ to $54¼, GTE added $⅛ to $35¼ and McCaw Cellular was $⅛ higher at $34⅛.

Cyclical stocks once more contributed to the Dow's rally. Minnesota Mining & Manufacturing gained $1¼ to $106⅞, Aluminum Company of America advanced $1⅞ to $77⅞ and International Paper improved $1⅛ to $69⅛.

Drug stocks, on the other hand, have been particularly vulnerable since the Clinton election and continued to lose ground. Merck edged towards a 52-wssk low, sliding $⅜ to $37⅞. Pfizer dropped $1⅛ to $63⅞, Upjohn eased $⅛ to $29¾ and Bristol-Myers Squibb was down $⅜ et $57⅞.

Barr Laboratories plummeted $3⅞ to $9⅛ after the company was ordered by e federal district court to suspend, temporarily, 24 products. The court denied a request by the Food and Drug Administration to shut down the company altogether.

Barr has denied FDA allegations that it committed unsafe practices, including mislabelling drugs and using contaminated water.

In Nasdaq trading, ehares in Amgen plunged $5⅛ to $54¼. The biotechnology company's investment rating was cut by Mabon Securities amid concern that Amgen's sales were slowing.

### Canada

TORONTO moved up as a fall in the domestic unemployment rate combined with the effect of the Japanese and German interest rate cuts. The TSE 300 index rose 10.04 to 3,376.44 at midday in volnme of 30m shares.

Stelco reflected new optimism about the North American steel industry, rising 41 cents to C$2.68 in 1.33m shares.

### SOUTH AFRICA

INDUSTRIALS picked up towards the close on but other sectors continued easier. The overall index dipped 8 to 3,470, 1 per cent higher on the week. The industrial index added 8 to 4,589 and golds fell 14 to 871.

# German financials climb on Buba initiative

**But from now on, there will be contradictory factors at work on Frankfurt stocks, writes David Waller**

At last, action from the Bundesbank! Thursday's cuts in key German interest rates were no surprise in themselves; but the timing of the move certainly was, especially in the wake of hawkish comments from members of the Bundesbank's council last week which led many economists to believe that rates would not start falling until March or even April.

Expectations of a cut had fuelled a January rally in the German stock market, which palled a little in the last week of the month, and which has since revived. The DAX blue chip index of 30 shares was up 1.2 per cent last month, and the wider FAZ general index by 3.2 per cent.

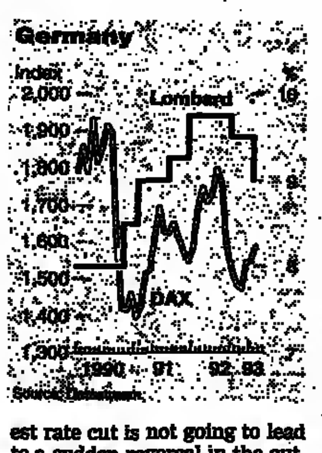
The cut itself prompted a strong rally. The DAX climbed yesterday by 39.76 to 1,641.27, a record high for the year. Financial shares – particularly sensitive to interest rate movements – showed impressive gains. Allianz, the big insurance company, climbed 2.7 per cent, Dresdner Bank rose by 5.7 per cent, Deutsche Bank by 5 per cent and Commerzbank by 4.5 per cent.

From now on, the German equity market is likely to be influenced by two contradictory factors.

On the one hand, interest rates are definitely, unequivocally on the way down. The detailed timing and scope of further cuts is not clear but economists expect lead rates to fall by 200 basis points by the end of the year. This is positive for equities, in principle.

"All other asset classes are unattractive," says Mr Sy Schlüter at CSFB First Boston in Frankfurt. "Cash has lost its appeal and bund market yields have already discounted further rate cuts. The yield on 10-year bunds is likely to be at the same level at the end of the year as it is now [around 7 per cent]."

Working against this is the fact that the downturn in the German economy has by no means reached a low point. There is plenty of bad news still to come from the corporate sector and the latest interest rate cut is not going to lead to a sudden reversal in the outlook for corporate earnings this year.




This outlook is bleak: Mr Reinhard Fischer, head of German equity research at Paribas Capital Markets in London, calculates that earnings on the DAX companies will drop by 14.5 per cent in 1992 and by a further 7.4 per cent in 1993. This puts the market as a whole on a multiple of some 17.6 times current year earnings, higher than the average in recent years.

"The danger is that the current rally may prove to be no more than a bubble," says Mr Fischer, who is predicting that in the next two to three months the DAX will climb to 1,700 before dropping back again. "The market is not at all supported by fundamentals."

Under these conditions, the choice of stocks becomes especially important. Mr Schlüter at CSFB divides his recommendations into two categories: companies which are likely to outperform over the short-term, irrespective of fundamentals, and those which offer fundamental value over the longer term as well.

He believes that clients interested in making trading profits should buy Daimler Benz and Volkswagen, in spite of the problems afflicting the German car manufacturing sector. Siemens also should be bought on a short-term view but rates only as a hold for the medium to long-term.

These stocks have high beta values, traditionally ontperforming when the market is rising, and doing worse than the market when share prices are sinking. Other companies with high beta values include Allianz, Deutsche Bank and Munich Re, the large reinsurance company.

Of these, Mr Schlüter likes Deutsche and Munich Re as short and long-term investments. Allianz is seen as attractive in the short term, but the discount of the share price to asset value is far less pronounced than at Munich Re, where the asset value is DM3,500 per share compared to yesterday's share price of DM2,850. Allianz, traditionally viewed as a proxy for the market, closed up DM58 yesterday at DM2,200, compared with an estimated asset value of DM2,500.

The choice of Deutsche Bank among the big banks is not shared by all analysts: Mr Paul Brunker at Robert Fleming in London recommends buying Dresdner instead. Deutsche traditionally has the highest rating of the three large banks and for the last year its earnings are likely to slip back from DM49.50 per share to DM49, climbing back up to DM53 for 1993 eccording to Paribas estimates.

Analysts also point to ths two large Bavarian banks (Hypo Bank and Bayerischs Vsreinsbank) where business is traditioneily weighted towards mortgage business rether than risk-prone commercial lending. DePfa, the Wieshedsn-based mortgage bank which was one of last year's star performers with a share price rise of nearly 50 per cent, is still favoured.

Among the more cyclical stocks, Bayer is preferred to the other large chemical companies simply on the grounds that its high proportion of pharmaceutical sales leaves it less exposed to the downturn in ths world chemicals markets.

Mr Fischer predicts that it will cut its dividend for 1992 from DM13 to DM10, but that BASF's dividend will fall from DM12 to DM8 and Hoechst's from DM12 to DM9.

**EUROPE**

# Paris 7.7% better on week as bourses celebrate

INTEREST-rate sensitive bourses, particularly Paris, Frankfurt and e pertly obscured Brussels, continued to reflect the cut in German interest rates yesterday, *writes Our Markets Staff.*

PARIS closed with the CAC-40 index above 1,900 for the first time since June 30; up 53.80, or 2.9 per cent on the day at 1,908.18, and 7.7 per cent better on the week after a fall of 4.6 per cent in January.

Turnover stayed unusually strong, climbing again to over FFr5bn as financials, and shares in heavily indebted companies extended Thursday's gains.

Poliet, the building materials group controlled by Paribas, gained FFr21 or 9.1 per cent to FFr251; Paribas itself put on FFr22.40 or 5.7 per cent to FFr414.90 in 324,000 shares and Credit Local, the municipal finance bank, ended FFr22, or 6.4 per cent higher at FFr367.

Suez rose FFr8.50 to FFr283 in 766,000 and the deeply indebted Eurotunnel picked up FFr1.25, or 3.5 per cent to FFr37.65 in very heavy volume of 3.5m shares.

FRANKFURT left the DAX index up 4.4 per cent on the week. Turnover, on a rising trend all week, rose from DM7.1bn to DM9.9bn.

Domestic investors, particularly, were attracted to financials, said Mr Hans-Peter Wodniok of James Capel in Frankfurt. They liked their interest-rate sensitivity, the bonus to the banks in the release of DM32bn of interest fee reserves, and the implied improvement in German banking competitiveness.

Steels and some engineers were relatively, or actually depressed. Krupp Hoesch, closing one of its blast furnaces temporarily because of weak demand, fell DM1 to DM112.

MILAN's Comit index rose 6.07 to 504.21, e 3.5 per cent rise on the week. Confirmation that Prime Minister Giuliano Amato's coalition government had won yesterday's confidsnce vote was the cue for renewed foreign buying in a market already well supported by domestic investors.

Trading continued to be buoyed by this week's interest rate cuts, and hopes of another in Italy soon. Tslecoms found strong support after the postal minister, Mr Maurizio Pagani, reaffirmed plans to reorganise the sector and cut the state's stake below 50 per cent. Stet fixed L60 higher at L2,270 and rose to L2,290 after hours while SIP put on L73 to L1,685.

AMSTERDAM finished broadly firmer after the traumas of recent days, buoyed by the higher dollar, lower interest rates and firmer overseas stock markets.

The CBS Tendency index rose 1.80 to 97.70 for a half per cent rise on the week.

Daf rose 55 cents to Fl 2.50 as it resumed unofficial trading after its suspension late on Thursday. But very high volume surprised some analysts who suggested thet speculators were having a final fling.

There was also better news for Fokker, Fl 1.90 cents ahead at Fl 10.60, as the Dutch government put compromise proposals for the takeover of the aircraft maker to Dentsche Aerospace. KLM rose Fl 2.70 to Fl 28 with investors apparently more impressed by its plans to cut costs than concerned about the airline's sharply higher third quarter losses.

ZURICH was firmer, but off the day's high after an easier dollar and a weaker start on Wall Street left blue chips slightly lower. The market had earlier profited from the positive tone in other European bourses and the SMI index finished 9.9 higher at 2,133.6, 2 per cent ahead on the week.

Some switching was seen out of Swiss bank shares into industrials or German bank shares, on the assumption that lower interest rates were already discounted in current Swiss bank share prices. Beneficiaries included Roche certificates, up SFr30 at SFr4,160.

BRUSSELS had to contend with Petrofina's 72 per cent drop in profits, and a 2.1 per cent drop in the oil group's shares which closed BFr280 lower at BFr7,250.

However, the Bel-20 index still rose 6.67 to 1,226.91, 3.3 per cent up on the week as Belgium's holding compenies improved their standing, and Kredietbank put on BFr250, or 4.1 per cent to BFr6,400.

COPENHAGEN suffered foreign selling and profit-taking that took the KFX index down 2.47 to 83.70. STOCKHOLM rose on hopes of lower interest rates. The Affärsvärlden General index added 19.4 to 928.2.

### FT-SE Actuaries Share Indices

February 5 — THE EUROPEAN SERIES

| Hourly changes | Open | 10.30 | 11.00 | 12.00 | 13.00 | 14.00 | 15.00 | Close |
|---|---|---|---|---|---|---|---|---|
| FT-SE Eurotrack 100 | 1125.44 | 1126.51 | 1125.89 | 1127.91 | 1129.12 | 1128.36 | 1128.92 | 1129.52 |
| FT-SE Eurotrack 200 | 1191.11 | 1190.33 | 1188.91 | 1189.52 | 1189.39 | 1188.83 | 1190.43 | 1189.21 |

| | Feb 4 | Feb 3 | Feb 2 | Feb 1 | Jan 29 |
|---|---|---|---|---|---|
| FT-SE Eurotrack 100 | 1113.35 | 1097.03 | 1089.43 | 1088.01 | 1079.18 |
| FT-SE Eurotrack 200 | 1183.60 | 1171.25 | 1155.59 | 1158.83 | 1148.15 |

Base value 1000 (26/10/90) High/day: 100 - 1130.22 200 - 1191.87 Low/day: 100 - 1125.29 200 - 1188.66.

**ASIA PACIFIC**

# Wall Street influences Pacific Rim

### Tokyo

The cut in German interest rates and Thursday's rally on Wall Street encouraged investors, and equities rebounded on futures led buying, *writes Emiko Terazono in Tokyo.*

The Nikkei issue average rose 142.27 to 17,332.90, 1.8 per cent up on the week, after moving between 17,223.64 and 17,413.67. Volume ross from 284m to 320m shares on active cross-trading, as investors tried to reelise profits wlthout changing their portfolios.

Gainers led losers by 694 to 256 with 178 unchanged, and the Topix index of all first section stocks rose 7.64 to 1,308.47. In London, the ISE/Nikkei 50 index was up 1.59 to 1,062.12.

After Thursday's cut in the discount rate by the Bank of Japan, investors shifted their attention to fiscal policy. "The effects of the rate cut will come into the market slowly, but the market is weiting for an income tax cut or another supplementary budget," said an official at Nippon Life.

Individual and foreign investors were seen buying large-capital blue chip shares in small-lots. Nippon Steel gained Y2 to Y290 while Hitachi Zosen gained Y9 to Y522.

Regional bank shares were actively traded on cross activity. Joyo Bank was the second most active issue of the day, falling Y10 to Y850, Bank of Yokohama rsmelnsd unchanged at Y995 and Shizuoka Bank fell Y10 to Y1,300.

Hopes of e recovery in the US ssmlconductor market boosted Tokyo Electron, e trading company specialising in semiconductor manufacturing equipment, by Y100 to Y2,130. NGK Spark Plug, which makes ceramic packages for semiconductors, gained Y23 to Y950.

In Osaka, the OSE everage rose 96.12 to 18,672.98 in volume of 44.9m shares.

### Roundup

Wall Street's strong performance also provided a lead in some Pacific Rim markets.

AUSTRALIAN investors took a lead from the US to push prices higher and the All Ordinaries index climbed 11.9 to 1,543.3, a 1 per cent rise on the week, in turnover of A$224.5m.

Biscuit maker Arnotts was a focus of trade ahead of Campbell Soup's takeover deadline. Arnotts closed steady et A$9.51, 1 cent above the US company's offer.

HONG KONG opsned strongly but turned down on profit-taking. The Hang Seng index finished 30.80 easier at 5,747.21, little changed on the wsek. Tnrnover totalled HK$2.08bn against HK$1.86bn on Thursday.

Chsung Kong slipped 10 cents to HK$20.2 and Hutchison Whampoa fell 40 cents to HK$16. But Sun Hung Kai Propsrties and Hendersun Land gained 10 cents and 20 cents to HK$27.3 and HK$15.8 respectively.

SINGAPORE was also lower on profit-taking among blue chip stocks as the market continued to consolidate after its recent highs. The Straits Times Industrial index fell 8.44 to 1,618.64 to volume of 104.14m shares. This left the index little changed on the week, having risen to an all-time high of 1,645.68 on Tuesday.

DBS Foreign lost 40 cents to S$14.40, UOB Foreign 25 cents to S$9.15, and Singapore Press Foreign 20 cents to S$16.

KUALA LUMPUR was higher on selective buying with the mood underpinned by the prospect of lower local interest rates. The composite index rose 1.88 to 644.83, 1 per cent higher on the week,in turnover that swelled to 193.9m shares.

Idris was the most activs counter with 50.2m shares traded, adding 5.5 cents to 88.5 cents amid talk that the company would be given part of the project to build Malaysia's new international airport.

SEOUL saw profit-taking in reaction to the rises of the previous three days. The composite stock index lost 6.73 to 677.31, little changed on the week.

MANILA settled firmer as with buyers encouraged by the overnight gains in the US. The composite index closed 4.97 higher at 1,342.01, virtually unchanged on the week.

## FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

| NATIONAL AND REGIONAL MARKETS (Figures in parentheses show number of lines of stock) | THURSDAY FEBRUARY 4 1993: US Dollar Index | Day's Change % | Pound Sterling Index | Yen Index | DM Index | Local Currency Index | Local % chg on day | Gross Div. Yield | WEDNESDAY FEBRUARY 3 1993: US Dollar Index | Pound Sterling Index | Yen Index | DM Index | Local Currency Index | DOLLAR INDEX: 1992/93 High | 1992/93 Low | Year ago (approx) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Australia (68) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Austria (18) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Belgium (42) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Canada (113) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Denmark (33) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Finland (23) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| France (98) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Germany (62) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Hong Kong (55) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Ireland (15) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Italy (76) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Japan (472) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Malaysia (69) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Mexico (18) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Netherland (25) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| New Zealand (13) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Norway (22) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Singapore (38) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| South Africa (60) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Spain (47) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Sweden (36) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Switzerland (56) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| United Kingdom (226) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| USA (522) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Europe (780) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Nordic (114) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Pacific Basin (715) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Euro - Pacific (1495) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| North America (635) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Europe Ex. UK (554) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Pacific Ex. Japan (243) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| World Ex. US (1696) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| World Ex. UK (1992) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| World Ex. So. Af. (2148) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| World Ex. Japan (1736) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| The World Index (2208) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |


Latest prices were unavailable for this edition.

## LONDON SHARE SERVICE

### BRITISH FUNDS

| Notes | Price £ | + or - | 1992/93 high | 1992/93 low | Yield Int. | Yield Red. |
|---|---|---|---|---|---|---|
| "Shorts" (Lives up to Five Years) | | | | | | |
| Treas 10pc 1993‡‡ | 100[illegible] | — | 101[illegible] | 99[illegible] | 9.92 | 6.70 |
| 12½pc 1993‡‡ | 102[illegible] | [illegible] | 104[illegible] | 100[illegible] | 12.14 | 5.61 |
| Funding 6pc 1993‡‡ | 100¼ | — | 100¼ | 95[illegible] | 5.98 | 5.51 |
| Treas 13¼pc 1993‡‡ | 106[illegible] | [illegible] | 107[illegible] | 103[illegible] | 12.94 | 5.48 |
| 8½pc 1994 | 102[illegible] | — | 102[illegible] | 96[illegible] | 8.28 | 5.43 |

### BRITISH FUNDS - Cont.

| Notes | Price £ | + or - | 1992/93 high | 1992/93 low | Yield Int. | Yield Red. |
|---|---|---|---|---|---|---|
| 9pc 2008 (£25 pd) | 25[illegible] | [illegible] | 26[illegible] | 21[illegible] | 6.00 | 7.98 |
| 10pc 2003 | 112[illegible] | [illegible] | 113[illegible] | 100[illegible] | 8.88 | 8.21 |
| Treas 11½pc 2001-4 | 119[illegible] | [illegible] | 120[illegible] | 107[illegible] | 9.68 | 8.16 |
| Funding 3½pc '99-4 | 70[illegible] | [illegible] | 70[illegible] | 59½ | 4.96 | 7.31 |
| Conversion 9½pc 2004 | 109[illegible] | [illegible] | 109[illegible] | 96[illegible] | 8.77 | 8.38 |

### BRITISH FUNDS - Cont.

| Index-Linked Notes | Price £ | + or - | 1992/93 high | 1992/93 low | Yield (1) | Yield (2) |
|---|---|---|---|---|---|---|
| Treas. 2pc '94 (102.9) | 133¼ | [illegible] | 133¼ | 122[illegible] | – | 0.90 |
| 2pc '96 (67.9) | 197[illegible] | [illegible] | 197[illegible] | 178[illegible] | 1.60 | 2.30 |
| 4⅝pc '98 (135.6) | 100[illegible] | [illegible] | 100[illegible] | 100[illegible] | 2.33 | 2.88 |
| 2½pc '01 (78.3) | 163[illegible] | [illegible] | 163[illegible] | 139[illegible] | 2.80 | 3.24 |

### OTHER FIXED INTEREST

Continued on next page

# LONDON SHARE SERVICE

## AMERICANS

| Notes | Price £ | + or - | 1992/93 high | low | Mkt Cap£m | Yld Gr's |
|---|---|---|---|---|---|---|
| Abbott Labs......h | 18¼xd | -¼ | 21¾ | 14⅝ | 15,744 | 2.2 |
| Allegheny & W......♥ | 591p | -22 | 622p | 226p | 260.3 | 4.1 |
| Amdahl | 646p | -10 | 1169p | 436p | 672.8 | 1.3 |
| Amer Cyanamid | 36⅝ | +⅛ | 36⅝ | 28⅞ | 3,302 | 3.1 |
| Amer Express | 17¼xd | -⅛ | 17½ | 10¼ | 8,210 | 4.0 |
| Amer T & T | 37⅛xd | -⅛ | 37⅞ | 20⅛ | 48,372 | 2.4 |
| Ameritech | 51 | -½ | 51½ | 32½ | 22,329 | 5.8 |
| BankAmerica | 36⅞xd | — | 36⅞ | 19⅞ | 12,780 | 2.6 |
| Bankers NY | 47⅛xd | -⅛ | 47½ | 28⅞ | 3,822 | 4.6 |
| Bell Atlantic | 37 | -⅛ | 37⅛ | 23⅛ | 16,017 | 4.8 |
| BellSouth | 37⅛ | — | 37¼ | 25 | 18,328 | 6.2 |
| Bethlehem Steel......♥ | 13⅛xd | +⅛ | 13⅛ | 9⅛ | 1,216 | - |
| Bowater | 1691pxd | +41 | 1637p | 905p | 680.1 | 6.2 |
| CPC......h | 31⅛xd | -⅛ | 34 | 22⅛ | 4,790 | 2.6 |
| Cadiz Land Inc......♥ | 118p | — | 342p | 108p | - | - |
| California Engy | 1402p | -16 | 1417p | 591p | 255.2 | - |
| Chase Manhattan | 21⅞xd | — | 21⅞ | 9⅛ | 3,313 | 3.8 |
| Chrysler | 27⅛xd | +⅛ | 27⅛ | 6⅛ | 6,010 | 1.5 |
| Citicorp | 18½xd | +½ | 18½ | 5⅞ | 6,762 | - |
| Colgate-Palm | 41⅞xd | — | 43⅛ | 25⅛ | 6,005 | 2.1 |
| Cont'l Bank | 1670p | +10 | 1674p | 489p | 1,657 | 2.5 |
| Dana | 33⅞xd | +⅛ | 33⅞ | 14⅛ | 1,542 | 8.6 |
| Data General | 822p | +5 | 1004p | 384p | 226.8 | - |
| Decora Inds......♥ | 146p | — | 148p | 88p | - | - |
| Dun & Brad | 40⅞ | +⅛ | 40⅞ | 27⅞ | 7,282 | 3.8 |
| Eaton | 55⅛ | +1⅛ | 55⅛ | 32½ | 1,914 | 2.8 |
| Ecklin | 18⅛xd | -⅛ | 18⅞ | 7⅞ | 1,083 | 2.6 |
| FPL | 26⅛xd | -⅛ | 26⅞ | 17⅛ | 4,791 | 6.5 |
| Ford Motor | 34½xd | +1⅛ | 34½ | 15 | 16,840 | 3.8 |
| Gen Elect | 59⅞xd | — | 59⅞ | 38⅛ | 51,136 | 3.8 |
| General Host......♥ | 705p | +4 | 705p | 350p | - | 3.5 |
| Gillette | 38⅛xd | -⅛ | 40 | 23⅛ | 8,610 | 1.3 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

## CANADIANS

## BANKS

## BREWERS & DISTILLERS

## BUILDING MATERIALS

## BUILDING MATERIALS - Cont.

## BUSINESS SERVICES

## CHEMICALS

## CONGLOMERATES

## CONTRACTING & CONSTRUCTION

## ELECTRICALS

## ELECTRICITY

## ELECTRONICS

## ENGINEERING-AEROSPACE

## ENGINEERING-GENERAL

## ENGINEERING-GENERAL - Cont.

## FOOD MANUFACTURING

## FOOD RETAILING

## HEALTH & HOUSEHOLD

## HOTELS & LEISURE

## HOTELS & LEISURE - Cont.

## INSURANCE BROKERS

## INSURANCE COMPOSITE

## INSURANCE LIFE

## INVESTMENT TRUSTS

## INVESTMENT TRUSTS - Cont.

## INVESTMENT TRUSTS - Cont.

| | Notes | Price | + or – | 1992/93 high | low | Yld Gr's | NAV | Dis or Pm(-) |
|---|---|---|---|---|---|---|---|---|
| Scottish Inv | | 150 | — | 208 | 147 | 2.1 | 230.6 | 13.7 |
| Warrants | | 40 | — | 40 | 21 | – | – | – |
| Scot Mortgage | | 198 | +2 | 198 | 135 | 2.7 | 221.6 | 11.0 |
| Scot National Inc | | 94½ | — | 107 | 65¾ | 12.8 | – | – |
| Cap | | 22 | — | 42 | 12½ | – | 62.4 | 64.7 |
| Stepped Pf | | 130 | +½ | 118½ | 128 | 2.8 | – | – |
| Zero Div Pf | | 210½ | — | 212 | 165½ | – | – | – |
| Warrants | | 4 | | 5 | 5 | – | – | – |
| Scot Value | | 70½ | +½ | 70½ | 46 | 3.1 | 73.0 | –4.8 |
| Sec Alliance | | 1495 | +11 | 1495 | 1068 | 3.3 | 1620.3 | 3.3 |
| Second Consld | | 98 | — | 100 | 68 | – | 190.9 | 48.1 |
| Second Market | | 288 | +3 | 288 | 222 | 8.7 | 325.6 | 12.8 |
| Sec Tst Scot | | 82½ | +½ | 82½ | 61 | 2.8 | 83.7 | 1.7 |
| Select Assets | | 124 | +1 | 124 | 78½ | 1.3 | 155.7 | 20.3 |
| Eq Ind Sed | | 129 | — | 133 | 105 | 4.8 | – | – |
| Eq Ind Std | | 100 | — | 133 | 105 | 2.8 | – | – |
| SHIRESCOT | | 105 | — | 109 | 95 | 2.8 | 115.9 | –3.6 |
| Shires | | 281 | +1 | 281 | 135 | 2.8 | 243.0 | –7.2 |
| 11pc Cv Ln '03/04 | | £225 | +2 | £225 | 295½ | 2.8 | – | – |
| Slam Select | | 125 | +2 | 128 | 30 | 0.3 | 154.8 | 12.8 |
| Warrants | | 21 | +5 | 29 | 10 | – | – | – |
| Smaller Cos | | 88 | — | 45 | 08 | 3.4 | 94.5 | –3.2 |
| Warrants | | 34 | | 88 | 10 | – | – | – |
| Sphere Inc | | 18xd | +½ | 45 | 9½ | 23.8 | 30.2 | 42.1 |
| Zero Div Pf | | 84¾ | — | 85¼ | 63¾ | – | – | – |
| SvalR | | 42 | +1 | 55 | 30 | 3.8 | 83.4 | 54.0 |
| TR City of Lon | | 250 | +½ | 137 | 97½ | 4.7 | 128.7 | –5.5 |
| TR Euro Growth | | 88 | +1 | 80 | 70 | 2.8 | 104.7 | 16.0 |
| Pig Sub | | 27 | — | 88 | 27 | 8.7 | – | – |
| TR Far East Inc | | 129 | +1 | 188 | 29 | 4.7 | 131.3 | 1.7 |
| Warrants | | 40 | +1 | 49 | 12 | – | – | – |
| TR High Inc | | 113 | — | 118 | 91 | 2.8 | 118.8 | –6.9 |
| Sub | | 27 | — | 88 | 21 | 7.4 | – | – |
| TR Pacific | | 188 | — | 129 | 70 | 2.8 | 124.4 | –3.7 |
| 40 Prop | | 22 | +½ | 27 | 14½ | ‡ | 20.3 | 25.3 |
| TR Smaller | | 168xd | — | 167 | 95 | 3.3 | 168.6 | 1.6 |
| TR Technology | | 28 | — | 88 | 15 | 8.6 | 212.2 | 88.4 |
| Units | | 2170 | — | 2170 | 1700 | 1.9 | 2575.3 | 15.7 |
| Stepped Pf | | 122¼ | –½ | 128 | 89¼ | 3.8 | – | – |
| Zero Pf | | 204½ | — | 204½ | 154½ | – | – | – |
| Temple Bar | | 305 | — | 308 | 225 | 2.8 | 316.5 | 2.8 |
| Templeton Em | | 345 | +2 | 348 | 165 | 1.3 | 230.2 | –7.7 |
| Warrants | | 121 | +1 | 121 | 59 | – | – | – |

## MERCHANT BANKS

| | Notes | Price | + or – | 1992/93 high | low | Mkt Cap£m | Yld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| Barings 8pc Cm 2nd Pf | | 101 | — | 102 | 83½ | 12.6 | 12.6 | – |
| 9¾pc Non-Cum Pf | | 128¼ | +1 | 125 | 103¼ | 48.1 | 10.8 | – |
| Close Bros | | 281 | +1 | 281 | 205 | 112.0 | 4.4 | 18.0 |
| Hambros | | 319 | +13 | 313 | 202 | 542.4 | 2.8 | 13.9 |
| 7½pc Cv Pf | | 130 | +3½ | 130 | 21½ | 207.0 | 7.2 | – |
| Joseph (L) | | 363 | — | 365 | 308 | 18.5 | 6.0 | – |
| Kleinwort Benson | | 300 | +1 | 305 | 212 | 477.1 | 6.0 | 31.8 |
| Rea Bros | | 45 | — | 46 | 25 | 17.8 | 1.6 | – |
| Schroders | | 1495 | — | 1495 | 1043 | 748.5 | 1.6 | 17.8 |
| NV | | 1280 | — | 1280 | 883 | 178.3 | 1.8 | 14.9 |
| Singer & Fried | | 48 | — | 86 | 34 | 167.7 | 8.0 | 12.3 |
| Warburg (SG) | | 613 | –2 | 615 | 403 | 1,204 | 5.9 | 18.1 |
| 8pc Cv Pf | | 319 | — | 215 | 137 | 16.6 | 3.3 | – |
| Wintrust | | 300 | — | 245 | 188 | 16.6 | 6.4 | 7.6 |

## METALS & METAL FORMING

| | Notes | Price | + or – | 1992/93 high | low | Mkt Cap£m | Yld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| ASW | | 133 | +1 | 165 | 60 | 90.8 | ‡ | 25.2 |
| Apollo Metals | | 186 | –1 | 147 | 73 | 13.9 | 8.8 | 21.6 |
| Ash & Lacy | | 161 | — | 165 | 128 | 43.5 | 3.3 | 13.3 |
| Barrett (S) | | 40 | — | 40 | 7 | 3.84 | ‡ | 18.0 |
| Billam (J) | | 194 | — | 195 | 88 | 2.98 | 3.1 | 2.8 |
| Brit Steel | | 78½ | –2 | 88 | 43½ | 1,570 | 1.7 | 74.8 |
| CI | | 23 | — | 88 | 13 | 19.9 | 11.8 | 9.4 |
| Castings | | 121 | — | 195 | 115 | 34.8 | 8.4 | 71.5 |
| Chamber & Hill | | 110 | — | 140 | 05 | 5.42 | 7.8 | 8.9 |
| Cohen (A) | | 375 | — | 405 | 255 | 5.08 | ‡ | – |
| Cook (Wm) | | 171 | –4 | 338 | 88 | 37.4 | ‡ | 11.4 |
| Cooper (F) | | 63 | –5 | 88 | 22 | 19.5 | 5.1 | 57.7 |
| Downiebrae | | 21 | — | 88 | 27 | 5.42 | 2.2 | 18.0 |
| Ferrari | | 21 | +1 | 40 | 18 | 2.40 | 3.3 | 9.4 |
| Firth (GM) | | 73 | — | 38 | 7½ | 4.38 | – | – |
| Garton | | 88 | — | 128 | 64 | 3.28 | ‡ | – |
| Glynwed Intl | | 288 | +2 | 282 | 153 | 540.3 | 3.3 | 26.2 |
| Johnson & Firth | | 57 | — | 73 | 44½ | 80.9 | 7.6 | 17.6 |
| Johnson Matthey | | 485 | –14 | 537 | 317 | 918.2 | 2.8 | 28.6 |
| Kobe Steel Y | | 135 | –1 | 202 | 110 | 4,304 | 2.1 | 26.0 |
| Lee (A) | | 131xd | — | 138 | 30 | 43.8 | 6.0 | 86.7 |
| Linread | | 117 | +7 | 128 | 61 | 14.1 | ‡ | 13.8 |
| Manganese Bro | | 40 | — | 88 | 80 | 19.5 | 1.8 | – |

## MISCELLANEOUS

## INVESTMENT COMPANIES

## MEDIA

## MOTORS

## OIL & GAS

## OIL & GAS - Cont.

## OTHER FINANCIAL

## OTHER INDUSTRIALS

## PACKAGING, PAPER & PRINTING

## PACKAGING, PAPER & PRINTING - Cont.

## PROPERTY

## STORES

## TELEPHONE NETWORKS

## TEXTILES

## TRANSPORT

## WATER

## SOUTH AFRICANS

## PLANTATIONS

## MINES

## MINES - Cont.

| | Notes | Price | + or – | 1992/93 high | low | Mkt Cap£m | Yld Gr's |
|---|---|---|---|---|---|---|---|
| Greenwich Res | | [illegible] | | 11 | 2 | 4.08 | – |
| Homo Gold C$ | | 24⅛ | — | [illegible] | 23½ | 387.7 | 2.4 |
| Ivernia West | | 41 | +2 | 82 | 30 | 20.6 | – |
| Kalle Mols | | $ | — | 42 | 0 | 6.14 | – |
| Koonipro | | $ | — | 5 | 2¼ | 7.80 | – |
| Malings Res | | 22½ | –½ | 40 | 0 | 2.48 | – |
| Naven Res | | 28½ | — | 34 | 16 | 3.42 | – |
| 5pc La Notes | | 27½ | — | 28 | 25 | 5.88 | – |
| Oryx Gold | | 40⅝ | –½ | 101 | 40⅛ | – | – |
| Pioneer | | 40 | — | 16 | $ | 1.37 | – |
| RTZ | | 673 | +10 | 688 | 409 | 6,709 | 3.9 |
| Vizcaya | | 2¾ | — | $ | 1 | 1.47 | – |

## GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid-prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).
- ● "Tap Stock"
- Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- Figures or report awaited
- Not officially UK listed; dealings permitted under rule 535(4)(a)
- Free annual/interim report available, see details below.
- USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- Merger bid or reorganisation in progress.
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
s Rights issue pending
q Earnings based on preliminary figures.
u Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
E Auction basis.
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1992-93.
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Yield based on prospectus or other official estimates for 1992.
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

*Abbreviations:* xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1225 a year for each security shown, subject to the Editor's discretion

## FT Annual Reports Service

You can obtain the current annual/interim report of any company annotated with ♣. Ring +44 81-643 7181 (open 24 hours including weekends) or fax +44 81-770 0544, quoting the code FT4614. Reports will be sent the next working day, subject to availability. Please remember to state the weekly changing code above.

## FT Cityline

Real time share prices and other stock market information is available through the FT Cityline international telephone service.

Annual subscription £250.00 stg.

Call +44 71-925 2128 for more details.

# FINANCIAL TIMES
Weekend February 6/February 7 1993

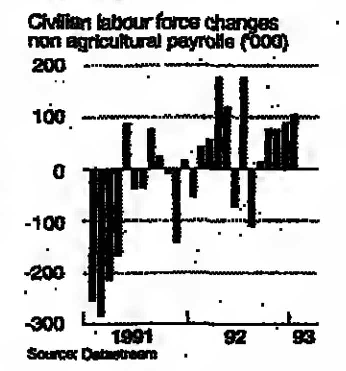


## US jobless rate falls as economy gains strength

By Michael Prowse in Washington

A FALL in US unemployment to 7.1 per cent, the lowest level in a year, yesterday indicated that faster growth in the economy is beginning to dent high levels of joblessness.

A White House spokeswoman welcomed the figures but noted that the jobless rate was still higher than at the end of the recession in the first half of 1991. President Bill Clinton believed it was still necessary to "kick-start" the economy because of the relatively slow pace of job creation, she said.




The January unemployment rate compares with levels of 7.3 per cent in December and a peak of 7.7 per cent last June, the Labour Department reported. Adult male unemployment fell particularly sharply last month, to 6.4 per cent against 6.8 per cent in December.

In another sign of economic strength, the length of the average working week in manufacturing industry rose from 41.2 to 41.4 hours – the highest level in more than 25 years. The pace of job creation, however, is still relatively subdued. Non-farm employment rose by 106,000 to 108.8m last month, roughly in line with analysts' projections, but only about a third to a half of the monthly increase registered in previous recoveries.

The sluggish job creation is occurring in spite of a clutch of economic indicators pointing to an acceleration of economic growth. The discrepancy reflects rapid increases in output per worker. US productivity rose 2.7 per cent last year, the biggest increase for 20 years.

Mr Richard Berner, chief economist at Mellon Bank in Pittsburgh, said the employment report was stronger than it looked. The proportion of industrial sectors reporting higher employment had risen sharply in the past three months, suggesting the recovery was becoming more firmly established.

There had also been an encouraging decline in the numbers of workers forced to work part-time as opposed to full-time.

Sectors registering employment gains last month included manufacturing, transport and the retail and wholesale trades.

Manufacturing employment has risen by 50,000 to 18.1m in the past three months, sluggish growth by past standards but a big improvement on the previous three months when 200,000 factory jobs disappeared. Construction employment, however, fell 37,000 last month, reflecting the continuing weakness of commercial real estate markets.

## Iveco Ford urges no bail-out for Daf

By Kevin Done, Motor Industry Correspondent

IVECO FORD, the truck maker, urged the government yesterday not to "bail out" Daf, its Anglo-Dutch rival, which collapsed into administrative receivership earlier this week.

Mr Alan Fox, Iveco Ford chief executive, claimed in a letter to Mr Michael Heseltine, trade and industry secretary, that £750m of accumulated debts had been written off by the government when Daf took over Leyland Vehicles in 1987.

"Surely there can be no further government-funded financial support for a company with such a track record.

"We think it right that you do not intend to bail out Leyland Daf because clearly there is too much truck manufacturing capacity available even for an annual market of 50,000 new trucks," he said.

UK new truck sales were only 31,398 last year, 55 per cent down on the peak of 69,234 in 1989.

"Should there be any change in government policy in respect of direct or indirect support to Leyland Daf, then Iveco Ford Truck would look to receive an equal benefit and opportunity," Mr Fox said in his letter.

Iveco Ford, a joint venture between Iveco, commercial vehicle subsidiary of Fiat of Italy, and Ford, the US vehicle maker, lost the leadership of the UK new truck market to Daf two years ago.

Iveco Ford itself continued to lose £500,000 a week "due to the parlous state of the British truck market", Mr Fox said. The Iveco Ford truck plant at Langley, Berks, could make 15,000 trucks a year, but was currently "screwed down to just 6,000. This is why we are losing money."

Iveco Ford Truck suffered losses in 1992 of £25-£30m, Mr Fox disclosed.

Leyland Daf Finance, the truck maker's hire purchase and leasing arm yesterday closed its five UK regional offices.

Company's town's glorious past, Page 4

## THE LEX COLUMN

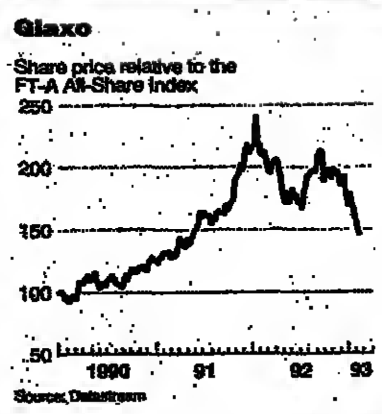
# On high ground

Investment gurus who never expected the FT-SE index to rise much above 2,900 this year must have had a twinge of anxiety this week. The index briefly rose above that level on Thursday and, though it has since fallen back, the market is still within spitting distance of many year-end targets. There is a difference, of course, between the background now and the way it was when the forecasts were made. Both interest rates and the exchange rate have fallen much faster than was generally assumed. After such a monetary relaxation, equity valuations do not look stretched, even with an historic market multiple approaching 18.

But further advance does depend on companies actually delivering higher earnings. Trading statements will be scrutinised particularly closely during the coming reporting season. A few nasty surprises on earnings or on dividends could set the market back. So could opportunistic rights issues, though the market may be over-doing worries on that score. Banks, the latest sector to be marked down on the prospect of large cash calls, are most unlikely candidates.

The biggest imponderable remains the impact of government borrowing when heavy PSBR funding gets under way. Assuming it is followed through, the Bundesbank's rate cut may have changed the equation slightly by allowing sterling to stabilise, limiting the inflationary threat from lower short-term rates. Gilt investors might thus not require such high yields. But easier German money is also boosting continental equity markets, which could lessen the relative attraction of UK shares.

FT-SE Index: 2862.9 (-3.0)




### British Airways

By doing the noble thing and bowing out early, Lord King has helped dispel the lingering anxieties caused by the Virgin imbroglio. The market nodded its approval yesterday by lifting BA's shares 3 per cent. It was obviously also pleased to see Sir Colin Marshall retain his dominant role by effectively combining the two top jobs in one.

Strict adherence to the principles of good corporate governance would have required the appointment of a non-executive chairman and a chief executive. But, given the City's admiration for Sir Colin, it has been prepared to settle for a compromise which, in the wake of the Virgin affair, looks a trifle lame.

The most important consideration is whether effective checks and balances have been restored. BA tried to reassure by giving the deputy chairman, Sir Michael Angus, specific responsibility for monitoring executive directors. That rather begs the question of what he thought he was doing before. One hopes the promised appointment of another non-executive director will mark a further step towards credible supervision.

That leaves BA's ambiguous trading outlook. Margin gains from sterling's depreciation may offset sticky traffic figures for premium seats. But, by aggressively increasing capacity by 14 per cent this summer, BA threatens to dilute its yields. Coincidentally or not, this move will severely squeeze Virgin.

### UK Accounting

Rank Organisation's annual report showed this week why investors should be on their toes. Even though Rank was adhering to the letter of the law in its restatement of last year's figures under the new accounting rules, it also included a deft £57m property revaluation provision that would not otherwise have appeared in the profit and loss.

It hardly helps that half the market will still be reporting under the old system during the coming results season. The City could ease the confusion by agreeing some standard definitions of normalised earnings, although that goes against the spirit of the reforms. There is merit in adjusting the volatile new earnings figure by subtracting disposals, closures and other one-off costs. That should leave a rump of sustainable earnings. But BZW wants to deduct preference dividends, too, while NatWest Markets will put costs relating to failed bids above the line.

The onus is clearly on companies to be as transparent as possible. The Accounting Standards Board has already read the riot act to companies bending the new rules. The new legal status of accounting standards should encourage company directors and auditors to stick to the rules. The ASB's victory over Trafalgar House last year showed it has real teeth. But even companies with a clean record on compliance may use the opportunity to slip bad news into the market under the cover of confusion.

### Glaxo

Glaxo is not the only drugs company being dragged through the mud by the market. Its performance over the past two months is not markedly worse than Wellcome. The US health sector fell by 8 per cent relative to Wall Street during January. On both sides of the Atlantic, investors are more interested in recovery than the defensive qualities of healthcare. Sterling's slide has made UK drugs stocks doubly unattractive. Since around a quarter of Glaxo's shares were held in the US, it has borne the brunt of the selling. But Glaxo cannot expect to find firm support until its ambitions in over-the-counter medicines are clear.

The company's conversion to the OTC cause was poorly explained from the outset. A perfunctory paragraph in last year's chairman's statement is hardly sufficient after the best part of a decade preaching the opposite. A rights issue to fund an OTC acquisition looks unlikely, especially since Glaxo has lost its premium rating. Given the dizzy multiple commanded by OTC businesses, funding any large move by selling paper would be uncomfortably dilutive. Without a clear statement of intent, the market might be forgiven for worrying.

A cautious move into OTC – perhaps on the model of last year's joint venture between SmithKline Beecham and Marion Merrell Dow – might secure a future for Zantac, the ulcer drug which accounts for 40 per cent of sales. Regardless of whether Glaxo defends Zantac's US patent this year, competition from generic versions of SmithKline's Tagamet is looming. Zantac is more effective, but with the US healthcare system in a penny-pinching mood, that will not count for much. A break into consumer markets makes sense, but not at any price.

## Clydeside shipworkers on strike after rejecting two-year offer

By David Goodhart, Labour Editor

WORKERS at the Yarrow warship yard on Clydeside have gone on indefinite strike for the first time since 1985 after rejecting the company's pay offer and their union officials' recommendation to accept it.

The 1,300 strikers, at the most successful of Britain's bigger warship yards, want a substantial increase on their basic weekly rate, currently £218 for a skilled man.

The company's two-year offer would give them a £300 lump sum payment immediately, followed by a 3.8 per cent rise in July. In return, the company wants some changes to working practices, including the abolition of a Friday morning tea-break.

Strikes are now rare at the once militant Clyde shipyards, and in the UK as a whole there were only 21 stoppages in November, the last month for which figures are available. The strike at Yarrow is unlikely to herald a new wave of industrial action.

Public sector workers appear reluctant to take action against the government's 1.5 per cent pay norm and, according to the Confederation of British Industry, nearly one company in three is freezing pay or at least deferring the annual pay rise.

The CBI data are contested by pay analysts Incomes Data Services, which says that only one settlement in six is being frozen. National Westminster and Lloyds banks have decided to award no general increase.

Yarrow, owned by Britain's General Electric Company, is in a relatively comfortable position, with orders for five Type 23 frigates for the Royal Navy and two for the Malaysian navy. But the company said there was no more money to offer and that any strike would have an adverse effect on future orders in the tight defence market. It recently made 400 workers redundant at the yard, which employs a total of 2,300 people.

Mr Ernie Horan, convenor of the unions at Yarrow, said: "We have accepted some unpalatable deals over the last few years, when we have been fighting for our lives. Clearly people feel that with the orders there now there's a bit more leeway".

Pay rates were last increased by the rate of inflation in July 1991 as part of a two-year deal.

## Emu fast track considered

Continued from Page 1

gle currency. Any move to create a Franco-German-led monetary union outside Maastricht would be likely to invite legal challenge, not least because it would jeopardise the independence of Germany's central bank.

But the French official pointed out that, while Germany's central bank was in charge of day-to-day economic decisions, "the politicians have the last word".

This week, Sir Leon Brittan, EC trade commissioner, said if the ERM collapsed, "something would emerge from the wreckage". Observers interpreted his comments as a warning to UK Euro-sceptics that they are wrong to assume that instability in the foreign exchange rates spells the end of Emu.

The increasingly public debate about a "fast track" to Emu may also be driven by tactical considerations in Paris and Bonn to bolster the franc in the run-up to the French parliamentary elections.

As one senior EC official pointed out, the more the currency markets believe there will be a Franco-German initiative to create fixed exchange rates, the less likely they are to attack the franc-D-Mark parity and the less likely the need therefore for a politically controversial move to a "fast track" Emu.

## Jets in Ukraine arms bazaar

Continued from Page 1

been held in the past few months in Moscow. Western diplomats say they are even more concerned about murky arms deals in the central Asian republics, which are suspected of providing weapons to Iran.

But who supplies the weapons to the Ukrainian-Siberian Exchange? Mr Blinkov says the weapons are being supplied by a private Russian source, which claims to have the ability to manufacture arms to order as well as providing older weapons.

According to specifications supplied by the seller, the weapons can be delivered at various ports in Russia and the Baltics and at an airport in the European region of the former Soviet Union.

The sole role of the exchange is to act as intermediary between buyers and the seller, who will sign the final arms contract.

Why, then, choose the Ukrainian-Siberian exchange as a middleman which will take a commission of up to 2 per cent?

"I think that they wanted the transaction to occur at some distance from Moscow," Mr Blinkov said. Because the seller claims the capacity to produce weapons, he is convinced that "this is the state acting under cover of private business".

## Heseltine takes swipe at accountants

Continued from Page 1

only one-third the number of craftsmen and technicians as in France and one quarter of those in Germany. And German industry is now worried that it cannot attract enough trainees."

His speech marked the increasing emphasis being put by Whitehall, including by Mr John Major, on a revival in manufacturing – a stark contrast to the focus on services under Mrs Margaret (now Baroness) Thatcher, the former prime minister.

He described manufacturing as offering "a key to our future success" and to international competitiveness. The bulk of world trade was in manufactured goods. Financiers needed to understand businesses and "to look for rewards in the future, rather than the day after their investment".

Accountants were not unnecessary, "but in the UK the classic route to the top has been via the City, Parliament, and above all accountancy. The result? One study in the mid-1980s suggested Britain had over 120,000 qualified accountants – 20 times more per head of population than Germany or Japan.

"Valuable though the services of lawyers and accountants can be, they cannot survive in a vacuum," he said. "They need clients; clients that are successful."

In fact, Mr Heseltine's number crunching abilities fell short yesterday. There are currently more than 200,000 accountants registered with the five principal professional bodies in the UK and Ireland alone.

"So speaks a failed accountant," said Mr Ian Brindle, senior partner of Price Waterhouse, one of the UK's largest accountancy firms, referring to the fact that the secretary of state for industry did not qualify in the 1950s.

Mr Andrew Colquhoun, secretary and chief executive of the Institute of Chartered Accountants in England and Wales, who spoke cautiously as the Institute reports to the DTI on regulatory matters, said comparisons with other countries were difficult. He said accountants controlled many highly successful companies such as BTR, Glaxo and Grand Metropolitan.

### CHIEF PRICE CHANGES YESTERDAY

| | | | |
|---|---|---|---|
| **FRANKFURT (Dm)** | | | |
| **Rises** | | | |
| AG Ind & Verk | 485 | + | 15 |
| Asko Prf | 380 | + | 15 |
| Deutsche Bank | 675.5 | + | 22.5 |
| Dresdner Bank | 376.5 | + | 20.5 |
| Hertz | 281 | + | 11 |
| Siemens | 624.7 | + | 11.2 |
| **New York ($)** | | | |
| **Rises** | | | |
| Chrysler | 40⅞ | + | 1⅛ |
| Gen Motors | 38⅜ | + | ⅞ |
| **Falls** | | | |
| Amgen | 54⅛ | – | 5½ |
| Barr Labs | 5⅛ | – | 3¾ |
| Motorola | 54¼ | – | ¾ |
| Pfizer | 62⅞ | – | 1½ |
| New York prices at 12.30pm | | | |
| **Paris (FFrs)** | | | |
| **Rises** | | | |
| Accor | 707 | + | 13 |
| Bouygues | 642 | + | 14 |
| CGIP | 930 | + | 36 |
| Orsan | 120 | + | 10 |
| UFB Locabail | 240 | + | 14 |
| **Falls** | | | |
| Fonc Lyonnaise | 572 | – | 12 |
| **Tokyo (Yen)** | | | |
| **Rises** | | | |
| Jidosha Buhin | 291 | + | 38 |
| Sailor Pen | 380 | + | 45 |
| Showa Mining | 284 | + | 58 |
| Sumitomo Special | 950 | + | 100 |
| Taiyo Kaiun | 213 | + | 23 |
| **Falls** | | | |
| Chuetsu | 373 | – | 37 |
| **London (Pence)** | | | |
| **Rises** | | | |
| AMEC | 91 | + | 8 |
| Acorn Computer | 127½ | + | 11½ |
| Avesco | 38½ | + | 6 |
| Clifford Fds A | 216 | + | 32 |
| Cussins Prop | 40 | + | 4 |
| Eve Group | 295 | + | 25 |
| Gabicci | 29 | + | 4 |
| Grampian TV A | 178 | + | 10 |
| Hambros | 313 | + | 15 |
| Kalon | 132½ | + | 8 |
| Linread | 117 | + | 7 |
| Marshalls | 72 | + | 7 |
| Pegasus | 170 | + | 23 |
| Ramco Oil | 99 | + | 13 |
| Silvermines | 37 | + | 6 |
| UK Land | 30 | + | 4 |
| Unidare | 310 | + | 20 |
| **Falls** | | | |
| Aviva Pet | 48 | – | 6 |
| Barclays | 429 | – | 16 |
| Birse | 30½ | – | 2½ |
| Budgens | 39 | – | 3 |
| Cooper (F) | 52 | – | 5 |
| Countryside Pr | 120 | – | 5 |
| ERF | 232 | – | 23 |

### World Weather

UK Today: There will be outbreaks of rain in north-western Scotland. Elsewhere, it will be dry except for patchy drizzle over the hills. Early fog in southern counties will lift. Winds will be light in England but fresh in Scotland.

| | | °C | °F | | | °C | °F | | | °C | °F | | | °C | °F | | | °C | °F |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ajaccio | C | 12 | 54 | Cairo | F | 16 | 61 | Inverness | R | 8 | 46 | Milan | S | 11 | 52 | Salzburg | S | 6 | 43 |
| Algiers | S | 10 | 50 | Cape Town | S | 23 | 73 | Isle of Man | S | 8 | 46 | Montreal † | C | -5 | 23 | S'Francisco † | R | 13 | 55 |
| Amsterdam | C | 4 | 39 | Cardiff | C | 4 | 39 | Istanbul | S | 8 | 46 | Moscow | F | 2 | 36 | Seoul | S | 11 | 52 |
| Athens | S | 17 | 63 | Chicago † | S | -2 | 28 | Jersey | C | 4 | 39 | Munich | S | 10 | 50 | Singapore | S | 30 | 86 |
| Bahrain | S | 15 | 59 | Cologne | Fg | -1 | 30 | Johannesburg | F | 24 | 75 | Nairobi | | – | – | Stockholm | S | 2 | 36 |
| Barcelona | F | 13 | 55 | Copenhagen | C | 6 | 43 | Las Palmas | F | 17 | 63 | Naples | S | 16 | 59 | Strasbourg | C | 0 | 32 |
| Beijing | S | 7 | 45 | Corfu | S | 16 | 59 | Leeds | F | 8 | 46 | Nassau | | – | – | Sydney | C | 22 | 72 |
| Belfast | C | 7 | 45 | Dallas † | C | 8 | 46 | Lisbon | S | 10 | 50 | Newcastle | C | 9 | 48 | Tangier | F | 15 | 59 |
| Belgrade | Fg | -3 | 27 | Dublin | S | 7 | 45 | Locarno | S | 10 | 50 | New Delhi | S | 21 | 70 | Tel Aviv | F | 10 | 50 |
| Berlin | C | 0 | 32 | Dubrovnik | S | 14 | 57 | London | F | 2 | 36 | New York † | S | 2 | 36 | Tenerife | C | 18 | 64 |
| Biarritz | S | 13 | 55 | Edinburgh | C | 8 | 46 | Los Angeles † | C | 15 | 59 | Nice | C | 14 | 57 | Tokyo | S | 10 | 50 |
| Birmingham | S | 7 | 45 | Faro | S | 16 | 59 | Luxembourg | C | -4 | 25 | Nicosia | S | 15 | 59 | Toronto † | S | 0 | 32 |
| Blackpool | S | 8 | 46 | Florence | S | 11 | 52 | Madeira | S | 16 | 61 | Oporto | S | 13 | 55 | Tunis | C | 16 | 61 |
| Bombay | [illegible] | [illegible] | [illegible] | Frankfurt | C | -2 | 28 | Madrid | C | 10 | 50 | Oslo | S | 3 | 37 | Valencia | Dr | 11 | 52 |
| Bordeaux | [illegible] | [illegible] | [illegible] | Funchal | [illegible] | [illegible] | [illegible] | Majorca | [illegible] | [illegible] | [illegible] | Paris | [illegible] | [illegible] | [illegible] | Vancouver † | [illegible] | [illegible] | [illegible] |
| Boulogne | [illegible] | [illegible] | [illegible] | Geneva | [illegible] | [illegible] | [illegible] | Malaga | [illegible] | [illegible] | [illegible] | Perth | [illegible] | [illegible] | [illegible] | Venice | [illegible] | [illegible] | [illegible] |
| Bristol | [illegible] | [illegible] | [illegible] | Gibraltar | [illegible] | [illegible] | [illegible] | Malta | [illegible] | [illegible] | [illegible] | Prague | [illegible] | [illegible] | [illegible] | Vienna | [illegible] | [illegible] | [illegible] |
| Brussels | [illegible] | [illegible] | [illegible] | Glasgow | [illegible] | [illegible] | [illegible] | Manchester | [illegible] | [illegible] | [illegible] | Reykjavik | [illegible] | [illegible] | [illegible] | Warsaw | [illegible] | [illegible] | [illegible] |
| Budapest | [illegible] | [illegible] | [illegible] | Guernsey | [illegible] | [illegible] | [illegible] | Melbourne | [illegible] | [illegible] | [illegible] | Rhodes | [illegible] | [illegible] | [illegible] | Washington † | [illegible] | [illegible] | [illegible] |
| Buenos Aires | [illegible] | [illegible] | [illegible] | Helsinki | [illegible] | [illegible] | [illegible] | Mexico City | [illegible] | [illegible] | [illegible] | Rio de Janeiro | [illegible] | [illegible] | [illegible] | Wellington | [illegible] | [illegible] | [illegible] |
| | | | | Hong Kong | [illegible] | [illegible] | [illegible] | Miami † | [illegible] | [illegible] | [illegible] | Rome | [illegible] | [illegible] | [illegible] | Zurich | [illegible] | [illegible] | [illegible] |
| | | | | Innsbruck | [illegible] | [illegible] | [illegible] | | | | | | | | | | | | |

Temperatures at midday yesterday. † noon GMT temperatures C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder



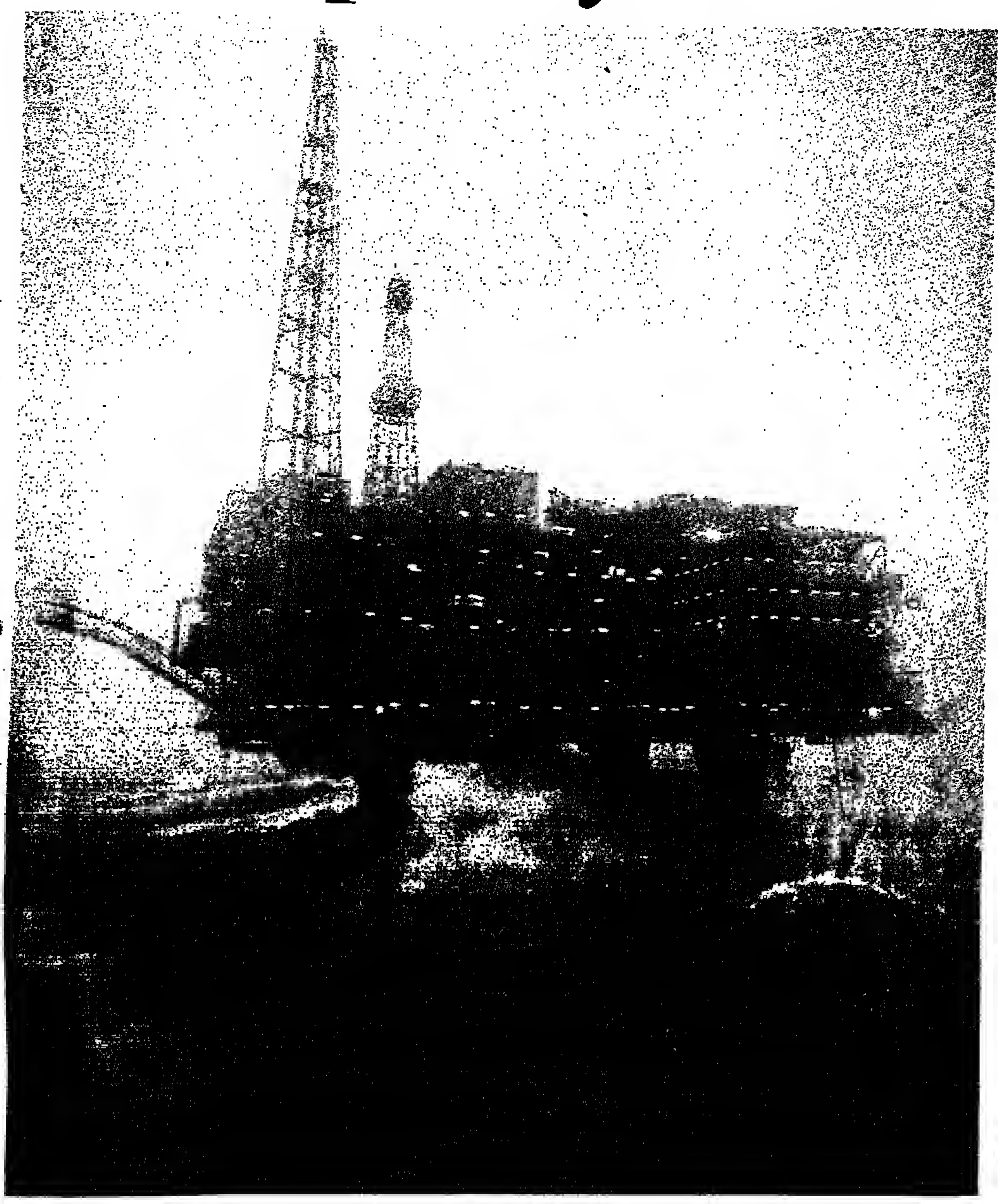
Registered at the post office. Printed by St. Clements Press for and published by The Financial Times Ltd., Number One Southwark Bridge, London SE1 9HL. © The Financial Times Ltd., 1993. "Reproduction of the contents of this newspaper in any manner is not permitted without prior consent of the publisher." "FINANCIAL TIMES", "FT", "FT ORDINARY SHARE INDEX", "FT-ACTUARIES SHARE INDICES", "FT-ACTUARIES WORLD INDICES", and "FINSTAT" are all Trade Marks and Service Marks of The Financial Times Group.

Weekend FT

SECTION II

Weekend February 6/February 7 1993

# Still plenty of North Sea life...



OIL BEGAN to flow from the North Sea 25 years ago, providing Britain with a timely means to gild its fading fortunes. But, as the present row over coal has shown, oil is a resource over which the average Briton frets as much as he gloats. The nation must be mad to shut collieries, he says, when it measures its coal reserves in centuries but oil and gas only in years.

What is the truth? It depends who you talk to.

Unst is Britain's most northerly settlement, clustered round a wind-swept inlet of the Shetland islands – an area that drew unwelcome headlines last month when the tanker *Braer* ran on to rocks and spilled its entire cargo. Unst is where you board a helicopter for the 45-minute flight to the Ninian Central platform, one of those gigantic structures poking out of the sea, bristling with cranes and pipes.

Ninian is a grand-daddy of the North Sea. It has been braving storms for 24 years, and it shows. Weather-beaten, man-battered, already it is a monument to Britain's oil age. It is like a small village, with 200 inhabitants and a huge factory attached. Its generators can produce enough electricity to power Edinburgh. Migrating birds have made it a staging post.

But it belongs to the past. When Ninian started, it sat astride one of the most productive fields yet found. The natural pressure in its vast reservoirs forced out 315,000 barrels of oil a day, enough to supply more than a fifth of Britain's needs on its own.

Today, liquid still gushes out of Ninian, but more than three-quarters of it is sea water which has to be pumped into the well to keep up the pressure. Ninian's workers now spend most of their time removing that water. They pipe the liquid into huge settling tanks where the oil separates out, rather like salad dressing left to stand.

To date, 1bn of Ninian's estimated 3bn barrels have been sucked out and Derek Smith, the Chevron platform manager, thinks they may be able to get 1bn more. But you can never suck an oil well completely dry. Ninian's future depends on whether they dream up more sophisticated ways of extracting oil, and whether its price rises enough to justify extra investment. But the future is inescapable. Ninian is dying, slowly. "The field could last until 2004 or 2005," says Smith.

Many people have claimed that Britain's oil wealth has been squandered. That is not the case at Ninian. Its glory days in the early 1980s also were the days of sky-high prices. It cashed in at the top of the market and provided the UK with a bonanza. Now, Ninian is having to adjust to other realities of the North Sea: declining returns, rising costs, and the tougher regulations brought on by the 1988 Piper Alpha disaster. To boost its earnings and make full use of its 110-mile pipeline to the Shetlands, Ninian is developing a new rôle for itself as a collecting point for oil from neighbouring fields.

Ninian typifies a passing era. Britain's oil and gas production peaked in 1986 with 166m tonnes of oil equivalent, vastly more than its own needs of 127m tonnes. In 1991, output was down to 139m tonnes, barely meeting demand of 136m. Over the past 10 years, UK earnings from oil and gas have nearly halved – from more than £20bn to £11bn – and revenues from taxes and royalties have plummeted from £12bn to £1bn. In 1991, the oil and gas industry, with all the onshore jobs it sustains, accounted for a mere 1.5 per cent of Britain's gross national product.

*The outlook for British hydro-carbon output is by no means drear, though it depends on who you talk to.* ***David Lascelles*** *makes a helicopter tour of oil rigs*

Oilmen will tell you that all the big North Sea fields probably have been found. In future, it is a matter of developing the smaller ones in between and finding ways to squeeze extra barrels out of the old ones. This decline has a lot to do with the weakness of the oil price, which is at a 20-year low in real terms. This is putting enormous pressure on the North Sea's traditionally high operating costs, and obliging the government to take a more lenient line on taxation and regulation. There is talk of some of the big US companies moving out.

The squeeze is apparent onshore as well. The great sea lochs of Scotland are packed with idle rigs; others are being towed thousands of miles to the new oil frontiers, such as Vietnam. Some months ago, Ben Line, one of the few British-owned rig operators, pulled out of the business because of slack demand. People in Aberdeen, Britain's oil capital, worry if the UK will preserve enough of its stock of equipment and know-how to sustain an indigenous industry.

"UK-based industry is doing 80 per cent of the North Sea work but maybe only 5 per cent of the world market," says Ian Wood, chairman of John Wood Group, an Aberdeen-based energy service company. "We've made very little impact on the world scene. There's nothing like a Division 1 company in the UK." He is urging the government to help transform Aberdeen into an oil centre of world stature: a European Houston.

Two hundred miles south of Ninian is the Nelson rig. On the flight, you notice the multitude of platforms all around: to the east is Brent, another grand-daddy; to the south, Alwyn; to the west, Heather – all producing oil and gas. Gas flares create bright spots in the leaden sea. It does not look like an industry in decline.

Approaching Nelson, we pass the platforms of the Forties' field, British Petroleum's biggest find. The helicopter circles, testing the wind currents. On the helipad, heavily-kitted emergency teams stand by. The machine settles on to a patchwork of thick rope, to stop the wheels sliding.

The story on Nelson is rather different from Ninian. This is not a production platform with its feet on the sea floor; it is a floating drill rig, and it is looking for new oil rather than sucking out old. At its heart is a huge drill stem capable of reaching five miles under the ocean floor. Below us lies the Nelson field, as yet untapped but with upwards of 500m barrels of oil. There is a buzz in the air.

"That's Forties' sand," says John Shute, the project director at Enterprise Oil, a part-owner of the field. In his hand is a pile of wet sand which has been drawn up by the drill. He holds it under an ultra-violet light. It glows yellow, meaning that it is moist with oil. Nelson's proximity to the BP field is the reason for the excitement. It is small by comparison – about a fifth of Forties' size – but is one of the largest being developed, so it represents a chunk of the North Sea's future.

Nelson is typical of the advances made in 25 years of North Sea exploration. In the old days, individual rigs moved expensively around the surface, drilling a string of vertical holes in the seabed. Nelson can do it all from one spot. Using steerable drill bits, it will bore 32 separate wells, splaying out in all directions. So sophisticated has directional drilling become that Nelson's operators are able to aim a well more than two miles deep with an accuracy of 10ft.

The drill bit has an electronic black box which sends back pulses.

Continued Page XXII

PHOTOGRAPHY
JEFF JONES

## CONTENTS

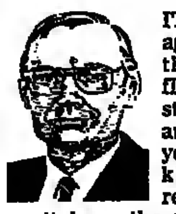


**High in the Himalayas, David Pilling** joins the search for a living child goddess ........Page XII



The Long View/**Barry Riley**

# Uneasy in Eastbourne



IT IS TIME to look again at the battle of the generatioos, the fluctuating economic struggle between young and old. For some years, the British wrinklies were doing remarkably well. Yon can't keep the young folk down for long, though, and they are hitting back hard with their penetrating weapons, cheap money and inflation. But have they been booby-trapped by debt?

The European exchange rate mechanism, as run by a beleaguered Bundesbank, has turned into a geriatric charter. Soft-hearted Helmut Schlesinger may at last have relented but French, Danish and Spanish short-term interest rates have been weil in double figures this week.

In the UK, money market rates stayed at 10 per cent until September and generated a huge flow of net interest payments. from youog borrowers to old investors.

Only 16 per cent of people taking out new building society mortgages are 45 or older. The total annual servicing cost of some £330bn of mortgage debt was £27bn after tax relief. But that is now tumbling by £7bn, money lost in the main by the largely elderly savers who speak for the bulk of the £250bn-odd deposited in personal savings accounts at building societies and banks.

To make matters worse, pensions in payment will not be protected properly against Inflation in the near future. This is because the retail price index is being reduced by the fall in mortgage rates, whereas the rise in the pensioners' price index (which excludes housing costs) is likely to accelerate from 3 per cent in the latter part of 1992 to 4 or 5 per cent this year.

Capital transfers within the housing market are also looking much healthier for the young. In the late 1980s, older owner-occupiers were selling out or trading down nt extraordinary prices, and youog people were assuming enormous debt hurdens.

But the number of house market transactions has dropped from 2.1m in 1988 to about 1m a year at present, whlle the average honse price has dropped by 11 per cent in two years (and by 30 per cent in four years in the south-east).

For first-time hnyers, the improvement in affordability has been remarkable (so long as they can find a joh). In 1989, the average first-timer's mortgage interest payments was 26 per cent of income; now, the proportion is 14 per cent.

Of course, youngsters have to be confident that there will not be another U-turn in policy to propel interest rates smartly op again. But it seems they now have so much buying power that they can, in many cases, afford to bny decent houses, leapfrogging their counterparts of five years ago who, burdened by £10,000 or more of negative equity, are stuck indefinitely in bottom-rung-of-the-ladder homes.

This is the nub of the problem. The fall in interest rates has addressed the imbalance in young people's income and expenditure accounts, but it has done nothing for their balance sheets.

Personal sector deht has eased by only a few percentage points from a 1991 peak of 115 per cent of disposable income; until 1980, the ratio was consistently close to 60 per cent. The Amex Bank Review has just calculated some implications should this ratio fall back by 1995 – not to 60 per cent but, less ambitiously, to the average of the 1980s (financial deregulation may have led to a long-term increase in debt tolerance).

Either the savings ratio will have to rise from its present 12 per cent or so to more like 18 per cent, implying years of still more terrihle depression; or incomes must rise by nearly 50 per cent (or, presumably, some combination of the two). Incidentally, if it is any consolation, Amex Bank finds that Japan's fix over personal indebtedness is almost as bad as as the UK.

The danger for Britain's wrinklies is that, having lost much of their investment income, they could forfeit part of the real value of their capital, too. Eveots in the foreign exchange markets this week have shown once again that weak governments are driven towards inflation. As sterling crashed oo Wednesday, the Treasury insisted that the exchange rate was being given "full weight" in its monetary assessment.

Since there is no credible hint of any move to protect the pound with higher interest rates, the implication is that the devaluation is deliberate. Has somebody in the Treasury also calculated that 50 per cent pay inflation in three years (cumulative, not annual) would eliminate the suffocating effect of the huge financial claims by the older generation on the young? Retail price inflation would have to be eveo higher, because real UK incomes must fall.

Just take a look, if you dare, at the wealth-preserving manifesto of the woopies (well-off older people). Pay (and social security benefits) must be cut to preserve Britain'a trade competitiveness at a higher exchange rate than now; the state must take responsibility for £50bn-plus of the mortgage debt of overstretched individuals; and taxes must rise by £20hn. There might be votes for this in Eastbourne hut not in East Grinstead, let alone East Kilbride.

There is one last tantalising pot of gold for the oldies. Their stock market investments are jumping in value – and, more importantly, so are those of their pension funds, which have a commitment of oearly 85 per cent to UK and overseas equities.

But the actuaries who value company pension schemes are hehaving like spoil-sports. The funds are puffed up by higher share ratings, hut the dividend income they generate is, if anything, falling. So, on the basis of actuarial valuations, pension funds have failed to keep pace with their pay-linked liabilities during 1992.

Youth, said George Bernard Shaw, is wasted on the young. But the economic curse of young people is that the world is already owned by the previous generation, which is trying to charge rents. Still, *they* may decide that wealth is wasted oo the old.

London

# Helmut, the charge is 'adventurism'

*By Peter Martin, Financial Editor*

ADVENTURISM – the charge levelled against the Russian central bank this week by President Boris Yeltsin – was also the theme of an attack on the Bundesbank by the German chambers of commerce.

For most European businessmen, Helmut Schlesinger, the Bundesbank president, has been the architect of an intolerably high level of interest rates. For them, the cut in German rates on Thursday came not a moment too soon.

Even the London stock market, less sensitive to the level of German interest rates since sterling's departure from the ERM, rejoiced. It rose to a new intra-day high after the cut, with the FT-SE 100 index passing briefly through 2,900 for the first time.

Yet the German chambers of commerce felt impelled to criticise the Bundesbank not for tightness but for excessive laxity. The eventual, essential conquest of inflation was threatened by the cut in rates, they argued.

Prof. Mervyn King, the economics boss at the Bank of England, has argued in the past that merely making a central bank independent does not deliver truly independent monetary policy; you also need a consensus about the importance of monetary stability. That comment from the German chambers of commerce gives you some idea what such a consensus means – and just how far Britain is away from achieving it.

Indeed, to judge from the behaviour of the UK stock market all this week you would think inflation was a new wonder-drug. On Monday, the market seized on a report in the press that John Major had personally taken control of monetary policy and planned to cut base rates by two more percentage points by the summer.

Even though Downing Street went out of its way to deny this story, the markets decided it was basically correct. Sterling fell sharply, in spite of the threat of higher prices on imported goods, the FT-SE 100 index rose 1.6 per cent, to close at 2,851.6. Interest-rate sensitive stocks were among the big gainers.

Tuesday was calmer, and the index dropped back slightly. But by Wednesday, with fresh pressure on weaker European currencies and a growing expectation that the Bundesbank would ease rates the next day, the onward advance of equities resumed. Blue chips did particularly well, and the FT-SE index more than made up the previous day's losses, closing at a new high of 2,873.8.

On Thursday, when the German announcement finally came, equities moved up again, then dropped back. They fell further on Friday, with the index closing the week at 2,862.9, for a total rise of 55.7. Volume was high – on Thursday, trading by clients was over £2bn, its highest since the day sterling left the ERM.

This enthusiasm for equities came against a steady rumble of worrying comment from analysts. One theme was the fact that British companies are paying out a higher proportion of their earnings than at any time since the mid 1960s.

For the market as a whole, dividend cover – the ratio of companies' dividends to after-tax earnings per share – has fallen below 1.8 times in recent weeks. For most of the 1970s and 1980s, it ranged between 2.2 and 3.0.

The figure highlights the extent to which companies have been prepared to keep dividend payouts high despite the impact of the recession on earnings – a fact that will be rammed home when the results season gets under way next Thursday.

The low level of dividend cover is ominous for equities, some analysts argue, because it implies that companies will be keen to rebuild cover as their earnings recover in the next few years.

A recent survey of company finance directors by James Capel showed that they hoped to rebuild cover over time to 2.3 times. To do this, says Capel's Paul Walton, "earnings have got to be growing a little bit faster than dividends for a *considerable period of time*."

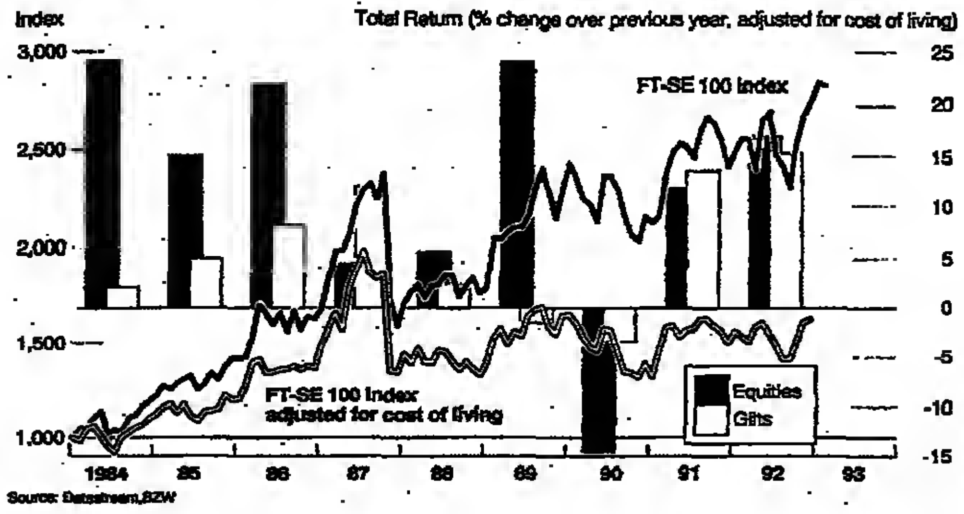
Dividend growth is particularly important to the actuaries who calculate the adequacy of pension funds. Slow dividend growth will lower the likely return from equities relative to bonds, making institutions keener to buy gilts.

Such a trend would be good news for the Treasury and the Bank of England, faced with the task of selling record amounts of gilts this year. But it would be bad news for equities. Sushil Wadhwani and Mustaq Shah of Goldman Sachs reinforced this theme with a weighty piece of research examining the relative attractions of gilts and equities.

They concluded that equities are likely to outperform gilts by less than in the past; and that pension funds are likely to regard equity investment as "riskier" because of a need for steady income flows to pay the pensions of the growing proportion of retired members.

Equities would still remain the preferred investment, but would form a smaller proportion of assets than in the past, say the authors. This could be a medium-term drag on the performance of the stock market; shares would rise by less than would be warranted by improvements in earnings and interest rates.

Such thinking failed to influence institutional investors this week. Private clients have been bullish for months, according to David Jones, chief executive of the Sharelink dealing service. His figures show that trading by private clients has been high, and biased towards buying, ever since October. "We've only had *one or two days in the last few* months when we've had a 'normal' ratio of buys to sells," he says. For private clients, buying is now stronger than ever it has been in the past five years, and it is widely spread: "They're buying everything, right across the market." In Russia, they would probably call that adventurism.



Source: Datastream/BZW

**HIGHLIGHTS OF THE WEEK**

| | Price y'day | Change on week | 1992/93 High | 1992/93 Low | |
|---|---|---|---|---|---|
| FT-SE 100 Index | 2862.9 | +55.7 | 2873.8 | 2281.0 | German rate cut |
| FT-SE Mid 250 Index | 3050.5 | +85.7 | 3050.5 | 2157.8 | UK base rate optimism |
| BP | 267 | +21½ | 304 | 182 | Weak sterling/US buying |
| BPB Inds. | 219 | +25½ | 221 | 123 | Analysts visit to French ops. |
| British Aerospace | 276 | +23 | 379 | 100 | Tornado deal |
| ERF | 232 | +42 | 264 | 130 | Benefits of demise of DAF |
| Graseby | 172 | +17 | 227 | 102 | US$ 11m worth of new orders |
| Invergordon | 288 | +19 | 335 | 250 | White & Mackay bid hopes |
| Kingfisher | 527 | -21 | 598 | 414 | Rights issue worries |
| Kleinwort Benson | 365 | +17 | 365 | 212 | Increased equity volumes |
| Northern Foods | 262 | -16 | 317½ | 215 | Bond issue |
| Racal Elects. | 185 | +18½ | 186 | 129 | New orders |
| Tadpole Tech. | 344 | +80 | 384 | 73 | Analysts visit |
| Trinity Hldgs. | 184 | +20 | 189 | 126 | Benefits of demise of DAF |
| Vodafone | 401 | +24 | 434 | 285 | Brokers say oversold |

Serious Money

# Giving a pep to savers' incomes

*By Philip Coggan, Personal Finance Editor*

*ANNUAL income twenty pounds, annual expenditure nineteen nineteen six, result happiness. Annual income twenty pounds, annual expenditure twenty pounds ought and six, result misery.*

MR MICAWBER'S words in *David Copperfield* ring specially true for savers at the moment, with returns falling and spending still rising. How do they get a decent income now base rates have dropped to 6 per cent?

We devote two pages to the issue this week (see opposite); meanwhile, three well-known financial companies have launched similar products which attempt to meet this income need. All combine shares and bonds within a personal equity plan to offer a decent, tax-free income.

The Cazenove Bond & Utility fund yields 7 per cent by investing in utility companies such as water, electricity and gas, and in bonds. That yield allows for the annual charge (a very reasonable 0.5 per cent).

The initial charge of 0.2 per cent is extremely low by industry standards and means the bid-offer spread on the trust will be around 2 per cent. But those who want to hold the fund in Pep form must pay a further initial charge of £35.

What does this mean in real money? On an investment of £6,000, the annual tax-free income will be £420. The tax saving for a basic-rate payer will be £105, and £168 for the top-rate payer. So, the tax benefit will outweigh the initial charge in the first year and, for top-rate payers, the bid-offer spread as well.

The Cazenove fund pays dividends twice a year. The two other new products, although higher-charging, offer a monthly income facility. This will undoubtedly increase their appeal to investors although the amount paid each month will be small in early years.

Fidelity's tax-free income plan is based on a new unit trust called the High Income fund. This will invest in high-yielding equities and fixed-interest stocks and will have a yield of 6 per cent. Again, this yield allows for the effect of the annual management charge (a rather more hefty 1.25 per cent).

The initial charge on the Pep is 2 per cent (4 per cent for those who invest in the unit trust alone). This should mean the bid-offer spread for Pep investors is around 3 per cent. As with its other Peps, Fidelity is making withdrawal charges

*'How do savers get a decent income now base rates are down?'*

which fall from 3 per cent in year one to 1 per cent in year three and zero thereafter.

To turn this into pounds and pence, an investment of £6,000 would get an income of £360, or £30 a month. The tax saving for a basic-rate payer would be £90, and £144 for the top-rate payer. The initial charge of £120 would, thus, be reclaimed by the top-rate payer in the first year (although not if he withdrew his funds); it would take part of another year to reclaim the spread as well.

The minimum lump sum investment into the Fidelity fund is £1,000, or £50 for monthly savings.

The M&G Managed Income fund offers, at around 5 per cent, the lowest yield of the three. It will invest in a variety of M&G's trusts, with up to 40 per cent in the group's Treasury bill fund and in its Gilt & Fixed Interest fund.

The initial and annual charges of 4.5 and 1.5 per cent respectively are higher than those made by Fidelity (although M&G imposes no withdrawal charges). There will be no "double charging" – that is, investors do not have to pay the fees of the underlying trusts as well. The minimum investment will be £1,000.

On a £6,000 M&G Pep investment, the annual income would be £300. The tax saving for a basic-rate payer would be £75, and £120 for a top-rate payer. Thus, it would take around four years for a basic-rate payer to earn back the initial charge of £270, and longer if one accounts for the 6 per cent bid-offer spread.

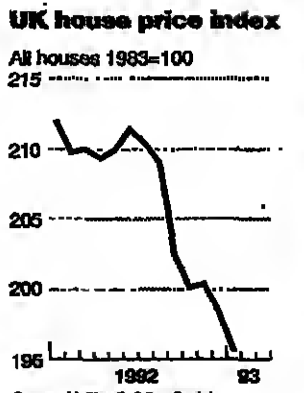
Why do the Fidelity and M&G plans have higher charges than the Cazenove fund? The simple answer is that they are paying commission to intermediaries to sell the fund and have to reclaim the cost from the investor.

Herein lies the paradox. Advisers and intermediaries are supposed to offer "best advice." The Cazenove fund has the highest yield and the lowest charges and is offered by a blue-chip name; it might seem an obvious piece of "best advice" to recommend it for those who need income. But it will probably raise less money than either of the other two.

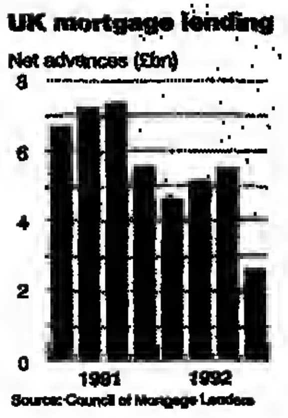
Could there be a good reason for recommending any of the M&G and Fidelity funds ahead of Cazenove? One could argue that the lower the yield, the greater the potential for capital growth. But only up to a point. If two portfolios own exactly the same stocks, the one with the lowest charges will have the highest yield. Then there is the monthly income facility. But would you rather have £25 a month from M&G or £210 every half-year from Cazenove?

It would be wrong to suggest that all advisers are commission-hungry; many work very hard to do their best for their clients. But these three funds will provide a good test case to see if the words "best advice" mean anything at all.

**AT A GLANCE**



Source: Halifax Building Society



Source: Council of Mortgage Lenders

## Mixed views on house prices

The Halifax and Nationwide indices yet again gave conflicting information about the direction of UK house prices last month. Halifax, the country's biggest mortgage lender, reported that house prices had fallen by 0.4 per cent in January, while Nationwide, the second-largest building society, reported that prices had risen by 1.2 per cent last month, the biggest monthly rise since May 1991. However, both societies agreed that there had been an increase in the number of potential purchasers requesting mortgages and inquiring about properties for sale. Lending activity in the last quarter of 1992 was very depressed according to the Council of Mortgage Lenders. Net advances totalled £2.8bn, down from £5.5bn the previous quarter. The CML attributed the weak figures to lack of confidence on the part of potential housebuyers after sterling's exit from the exchange rate mechanism in September.

## Bank charges to be levied

Save & Prosper/Robert Fleming has announced it will be introducing charges on its current account for those in credit. The move may be the beginning of the end of free banking in the UK: Midland was the first of the big four English banks to introduce it in 1984. From April 1, customers holding the S&P Classic Account with Robert Fleming & Co will be charged £5 when their balances fall below £1,000 on the last business day of the month. No interest will be paid on deposits of less than £2,500 in the Deposit and Premier accounts. The previous threshold had been £1,000.

## Balmoral bugs being fixed

Bristol & West says it is solving the processing problems which have occurred with its Balmoral account; those who have yet to receive passbooks should receive them by Tuesday, February 9. The society says that interest will be credited from the day after cheques were received by it. Additional staff have been recruited to cope with the demand. From next week, says Bristol & West, customers sending cheques to open accounts will be sent their pass books and account opening documentation or acknowledgment, by return of post.

## Sharelink US shares service

Sharelink is launching an instant dealing service in US shares for UK investors. The service will be open during US market hours (2.30 to 9pm UK time). Minimum commission (on deals under $2,833) is $38 (around £26); on deals between $2,834 and $5,000, the rate is 1.5 per cent; the rate is then 0.75 per cent on the next $5,000; and 0.1 per cent on additional amounts over $10,000. For further details, call 021-200-4888.

## Pep commission refund offer

Garrison Investment Analysis, a FIMBRA member, is offering to refund to investors all but £25 of the commission it receives on Personal Equity Plans. This includes the M&G and Fidelity plans referred to in the Serious Money column. Further details can be obtained by calling 0742-500720.

## Smaller companies revival

More good news for believers in the small companies revival this week. The Hoare Govett Index (capital gains version) rose 3.4 per cent from 1297.74 to 1342.07 over the week to February 4, and the County Index also climbed 3.4 per cent – from 1012.93 to 1047.76 – over the same period.

Wall Street

# Dow breaks through to brave new heights

THE BULLS were firmly in command of Wall Street this week, and many analysts think their charge is far from over.

The Dow Jones Industrial Average finally broke through to an all-time peak on Thursday, topping the record 3,413.21 reached on June 1 last year, when it closed at 3416.74.

However, the Dow was only playing catch-up with two broader market indices, the Standard & Poor's 500 and Nasdaq index of smaller stocks, which have been setting records.

The Nasdaq index has risen *more than 20 per cent since* early October, underlining Wall Street's traditional enthusiasm for small stocks in the early stages of an economic recovery.

The Dow, which tracks 30 of *the country's largest companies*, has risen by only around 9 per cent since, held back by the large representation in its ranks of cyclical stocks. Their performance tends to track the rise and fall of the economy, and the problems facing some of its best-known constituents, notably International Business Machines and General Motors.

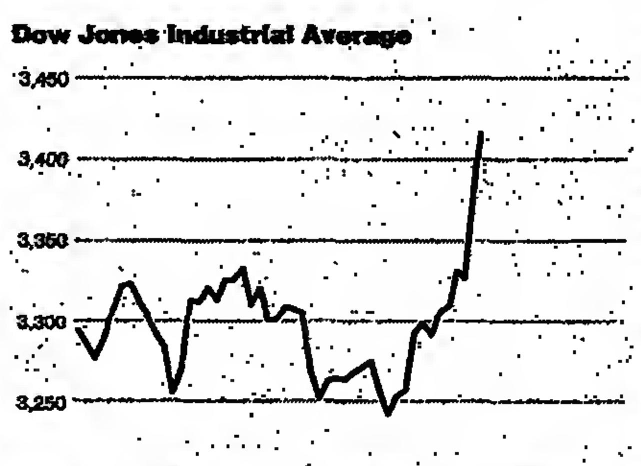
The Dow's move into new territory this week was sparked by good economic news both at home and abroad. The overseas contribution came on Thursday when both the the German Bundesbank and the Bank of Japan lowered interest rates, raising hopes of a revival in the flagging global economy.

In the US, a string of statistics bolstered the belief that the economy is headed for much more robust growth.

January retail sales were stronger than expected as the Christmas consumer splurge continued into the New Year. The index of leading economic indicators jumped 1.9 per cent in December, the biggest rise since 1983.

Yesterday's employment report for January was reasonably positive, with non-farm *jobs rising by 106,000, in line* with Wall Street expectations, but not good enough for it to cause appreciable inflationary anxiety in the bond market.

The most positive statistic of the week was the 2.7 per cent jump in US productivity in 1992, the largest gain in 20 years.



Source: FT Graphite

This followed five years in which productivity growth averaged some 0.5 per cent *and provides further evidence* that the US economy is emerging from recession much leaner and more competitive, which bodes well for profitability.

This new vigour has also shown through in the financial reporting season, which is nearly over. Based on results so far, analysts say operating earnings were up 20 per cent in the fourth quarter of 1992, compared with the same period of 1991, and they expect further strong rises as companies benefit from the recovering economy.

All this helped the Dow's great leap forward this week. Other factors may have included greater overseas interest in US stocks, caused by the economic revival and the strengthening dollar.

Furthermore, long bond yields have at last started moving strongly downwards. This week yields rose a little *in response to the economic* news, but this was offset by an announcement from the federal government that it will cut the volume of new 30-year bonds it sells next week, and is weighing a more permanent *reduction in long-bond sales.*

The stock market's rally may take a pause now, but many analysts believe the extremely heavy volume of the past week, coupled with the movement by investors into *big, cyclical stocks, shows an* underlying momentum that could carry the Dow 200 or more points higher over the next few months.

A substantial change in the interest rate cycle to tighter money could choke the rally, but this still seems a long way off, and for now the US markets are enjoying a benign world of low interest rates, low inflation and healthy economic growth.

*That said*, there are still plenty of companies facing huge problems, and none more so than General Motors, which is struggling to return its loss-making north American operations to the black.

This week it suffered a further spate of bad news, including a ruling by an Atlanta court that it had to pay $105m in accident damages because of the design of a controversial truck. GM is appealing, but the case could lead to even heavier financial liabilities for the company.

Standard & Poor's, a leading credit information agency, also downgraded GM's debt rating, while giving a boost to that of its once-ailing Detroit rival Chrysler. However, even GM's bad news had a positive side. S&P said the company's new top management would return GM's north American operations at least to break-even and said further downgradings were "unlikely" over the next few years.

***Martin Dickson***

| | | |
|---|---|---|
| Monday | 3332.18 | + 22.15 |
| Tuesday | 3328.67 | – 3.51 |
| Wednesday | 3373.79 | + 45.12 |
| Thursday | 3416.74 | + 42.95 |
| Friday | | |

The Bottom Line

# There is life beyond gilts

IF YOU are feeling disgruntled with the low returns available on building society and bank deposits, what are the options?

Many investors already hold equities, and should be careful not to concentrate all their investments in one area. For investors who are prepared to look beyond the gilts market, there are other options.

The success of permanent interest bearing shares (Pibs) issued by building societies proves that there is a willingness to get to grips with new products, if the potential rewards – 13 per cent interest rates on the first Pibs issues – are sufficiently attractive.

The fact that capital is never repaid, and the building society can pass up interest payments did not dent enthusiasm for the product.

The latest debt instruments issued by building societies – called collared floating-rate notes – have a rather more complex structure, but also offer some clear advantages.

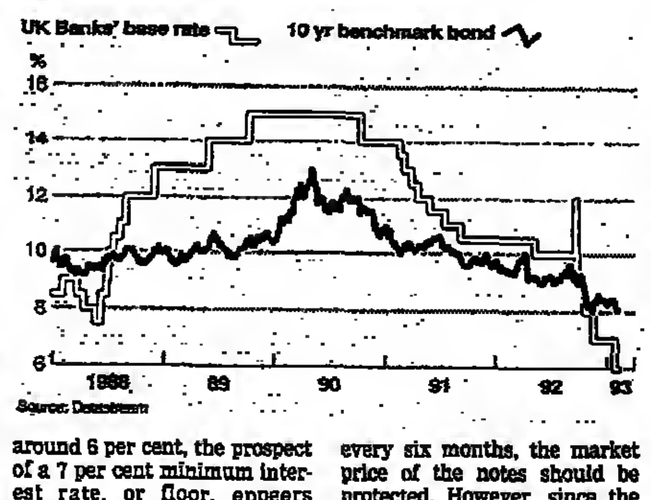
The main attraction of collared floating-rate notes is that they offer a guaranteed minimum return which is higher than current money market rates.

Three building societies, the Leeds Permanent, Bradford & Bingley, and Halifax Building Societies, have so far used the structure, issuing notes to the value of £300m. Leeds Permanent, the first building society to make use of the structure, offers investors a minimum interest rate of 7 per cent and a maximum investment of 11 per cent.

In effect, the investor opts to sacrifice any potential interest rate increase above, say, 11 per cent, in return for a guaranteed minimum income of around 7 per cent.

"It is quite a nice move for someone coming out of a building society account, who wants to have their money reasonably close at hand," said Paul Killik, a partner of stockbroking firm Killik & Co.

With money market rates at around 6 per cent, the prospect of a 7 per cent minimum interest rate, or floor, appears rather attractive. In theory, floating-rate notes should hold their value better than fixed-rate bonds. Because the interest rate is re-set in line with prevailing money-market rates every six months, the market price of the notes should be protected. However, since the interest on these collared floating-rate notes is capped at 11 per cent, if base rates shoot up rapidly, the price of the notes could tumble.



Source: Datastream

Of course, fixed-rate bonds provide even less protection against possible interest rates rises, since any relative decline in the interest rate compared to market rates must be reflected in the price.

So the question is whether the potential capital loss – *which would not be built into* conventional floating rate notes or deposit accounts – is reward by the higher immediate income.

"It is not a first step into the market, but could make sense as a small part of a sensibly balanced portfolio", said David Barker, a director of Hoare Govett.

The minimum investment for collared floating-rate notes so far has been £1,000 or £10,000, but these issues are targeted at institutional investors as well as retail investors. The notes can be purchased through any reasonably sized stockbroker; Killik charges commission of £40 on the first £10,000.

*Richard Booth*, a director of Salomon Brothers who worked on the structure, believes that the next step is for building societies or banks themselves to offer deposit accounts with minimum and maximum interest rate levels, but with the principal guaranteed. An interesting option for retail investors but one that is still some way off.

Another new structure is the so-called reverse floating-rate note. *Although not designed* for retail investors, some brokers have been looking at the product as a potentially interesting investment. However, the structure is extremely risky.

Essentially, it is a bet that interest rates will fall, since the amount of interest paid increases as the benchmark interest rate falls. However, should interest rates move in the wrong direction, not only will the return on the notes decline swiftly, but the price of the notes is likely to collapse.

***Tracy Corrigan***

FINANCE AND THE FAMILY – GETTING AN INCOME

# How to make money when interest rates fall

*John Authers, Philip Coggan and Scheherazade Daneshkhu examine options beyond the building society*

SAVERS ARE finding it harder and harder to find products that offer them a decent income. Too many have relied on the building society for too long.

Many people are chasing from one building society to another in search of higher rates, but this game is frustrating.

Rates which are ahead of the market one week are cut the next, and attractive accounts can quickly be closed to new business.

Savers need to explore other options. Some of these can be complex, even bewildering; so, on this page and the next, we outline some of the main income-producing products and indicate their pros, their cons, and the rates available.

Product providers are getting ever more ingenious in their efforts to attract investors. As in the US, money market funds are becoming more popular; these invest in short-term debt of banks and other companies, and offer returns which are close to the level of base rates.

They are never the top payers in the market but they should always be competitive and may save the investor the bother of switching constantly between building societies. Fidelity and M & G now offer money market funds which give cheque books to those who deposit more than £5,000.

Another cash-based option is offshore accounts. These pay income gross, which is useful for non-taxpayers. However, quite often, they pay rates that are higher than those on domestic accounts, even after allowing for tax. Going offshore can prove risky, but there are some well-known names offering such accounts.

With all these products, you need to remember that there is a relationship between risk and reward. Normally, the higher the return, the higher the risk.

Any exceptions to this common-sense maxim relate usually to charges on the fund. The lower these charges are, the more the manager can pass on (in the form of income) to the investor. Cazenove has a low-charging, high-yielding personal equity plan on offer this week (see Page II).

The investor needs also to make a choice between flexibility and return. Some products offer higher rates by tying-up your money for a set period. But a few pounds of extra income may not be worth the loss of easy access.

We can give only the outlines of these products on our pages; those who want more information should consult an independent financial adviser.

## Annuity attractions

NO INVESTMENT will give you bigger "income" pay-outs than an annuity. However, it does so by repaying all your initial capital at the same time, so annuities are inappropriate as the sole investment for anyone who needs to preserve their capital.

When you buy an annuity, from a life office or friendly society, you pay a lump sum in return for a guaranteed income for the rest of your life (or for a fixed period in the case of a temporary annuity). The life office holds on to any remaining capital after your death, and invests in gilts to ensure that it can meet its guarantees.

Payments are governed by two factors – your age (and hence your life expectancy), and the rates available on gilts.

■ Pros. Annuities offer better value the older you are and the higher gilt yields are. For the elderly (as a rule, men over 70 and women over 75), this can make an annuity a powerful income-producing tool.

Annuities bought with funds not derived from a pension scheme have relatively favourable tax treatment. Payments are divided for tax purposes into capital repayment and income; you are taxed only on the income element.

Those who need to retain capital could combine a temporary annuity with a lump sum investment for growth, such as a Pep. If this goes well, you may be able to repay the capital by the time the annuity stops paying out. This lessens the risk to your capital, but it could still be eroded.

■ Cons. If you die shortly after buying an annuity, your capital will be lost to your heirs, so this may not be a good investment for those in poor health. Returns may also be poor for those who buy when gilt yields are low.

■ Rates. Temporary annuities can produce a high yield. A woman aged 70 paying £20,000 would receive a gross income of £4,931.16 (£4,736 net) for five years from Equitable Life, according to the Annuity Bureau. For a woman aged 80 the top rate is £5,365.20, from Standard Life.

Men have a lower life expectancy, which is reflected in higher rates – a 70-year-old would receive £5,124.84 each year from Equitable Life (net £4,913.40), while the top rate for an 80-year-old is £5,758.80 (net £5,497.20), according to the Annuity Bureau. (See table on Page V for other rates).

## Guarantee of Gibs

GUARANTEED income bonds (Gibs) allow investors to lock into prevailing interest rates for up to five years. They are a variant of single-premium life assurance bonds, offered mainly by the smaller life assurance companies. Their income is fixed at the outset and cannot be revised. This rate is determined primarily by the yields on gilts.

Basic-rate tax is paid within the fund. Top-rate taxpayers will be liable to pay the difference between basic and top rates on their income.

Most companies offer the bonds over periods of one, two, three, four and five years. Interest rates will vary according to the time and the amount of money put in.

Sums as low as £1,000 are not encouraged by many companies and most will offer a higher percentage income for a large lump sum. Income can be paid monthly or yearly.

■ Pros. Because the rate is set at the start, it is guaranteed for the period of the bond. This gives the investor certainty and protection if interest rates fall. If the life company offering a Gib goes bust, the Policyholders Protection Act will pay out 90 per cent of the original amount invested, making the bonds more secure than many other options.

■ Cons. If interest rates rise, investors may find themselves "locked in" at uncompetitive returns. Since basic-rate tax is deducted and cannot be reclaimed, these products are unsuitable for non-taxpayers.

■ Rates. Returns have fallen substantially in recent years. Over one year, the best rate on £5,000 at the moment is 4.75 per cent annually and 3.93 per cent monthly, according to Baronworth Investment Services. Over five years, the best rate on £5,000 is 6.74 per cent annually and 6 per cent monthly.

## Fixed-rate bonds

BANK AND building society fixed-rate bonds are a way of fixing the return on a deposit over 12, 24 or 36 months. You pay a lump sum and interest is added annually, monthly or on maturity. The minimum balance is usually £5,000 but could be as low as £1,000 In some cases. Like any other fixed-rate product, you buy the bond to protect your income if you think that interest rates will fall further.

■ Pros. By fixing the rate of interest, you know your total return in advance. The bonds are easy to acquire and are a secure investment so long as the bank or society is sound.

■ Cons. Interest rates could rise, in which case you will have made a bad decision to fix when rates were lower. In most cases, you cannot redeem the bond earlier than the prescribed term.


■ Rates. These depend on the amount paid and the term of the bond. Interest rates on monthly income bonds will usually be lower than those paying interest annually.

One-year bonds requiring a £1,000 to £2,000 minimum are paying about 5.75 per cent gross. Interest on larger amounts is in the 6 to 7 per cent range.

Bristol & West has just launched a five-year "escalator bond." The interest rate is fixed at 7 per cent gross in the first year (April 1993 to March 1994) and increases by a fixed 0.5 of a percentage point for each subsequent year. In the fifth year, therefore, it will pay a fixed rate of 9 per cent. Minimum investment is £5,000.

## Investment bonds

SINGLE-PREMIUM investment bonds are sold by insurance companies and come in several types – investing in equities, gilts, properties or a combination of the three. Investors can withdraw 5 per cent of the original value of their money each year without any basic-rate tax liability; higher-rate taxpayers can postpone their liability until the bond is cashed in.

Bonds are either mainly "unit-linked" – which allows investors the freedom to switch between funds without paying entry charges – or "with-profits," where non-reversible bonuses are added on each year.

■ Pros. Being able to withdraw 5 per cent a year can be handy and competes with net rates from building societies. There is also the opportunity for capital growth. As the bonds are classified as insurance policies, some life assurance is included.

■ Cons. Care must be taken over the timing of cashing them in since the gain could push a basic-rate taxpayer into the higher-rate band. Similarly, an investor's age allowance could be endangered.

The bonds have charges which will eat into your investment. Levies are similar to unit trusts – 5 per cent initial with a 1 per cent annual management charge. If the capital fails to grow, you could be consuming your capital every time you take your 5 per cent income. The performance of managed insurance funds has not been as good as unit trusts over the long term.

## A bond fund portfolio

BOND FUNDS – unit trusts which invest in gilts and other fixed-interest securities – have arrived in the past year. This could be an example of the investment community leaving yesterday's bright idea until today, following two years of strong performance by gilts. Prices are now higher; accordingly, yields have dropped.

Income on these funds tend to be paid twice a year, so you will need to construct a portfolio of funds if you want a monthly income.

■ Pros. Yields on gilts with medium- and long-term maturities are now above base rates, so investors can increase their income by buying the right fund. Doing this saves them the worry of choosing the right gilt for their needs (see Page IV item on gilts). The manager will try to use his skill to get income or capital growth (or a bit of both).

Some funds have reduced their initial charges (the two Aberdeen gilt funds have no initial charge at all), while the risks facing private investors who play the gilts market on their own have grown.

■ Cons. Charges on some funds can be high; this can take a dent out of the income return. Other funds have such high yields that they are eating up the capital, which could provide investors with a shock when they come to cash in their units. In any case, if interest rates rise, gilt prices could fall, leaving the investor with a loss.

Any profits on a gilt unit trust are liable to capital gains tax, while gilts bought directly are not. If you buy a gilt directly, the yield is fixed till maturity; but yields on bond funds can fall.

If bond funds invest in debt issued by companies, rather than the government, there is a credit risk if the company fails.

■ Rates. The biggest yield at the end of January came from Abtrust Fixed Interest, with 9.23 per cent. Yields above 9 per cent also were available from Aberdeen Gilt Income, Aetna Preference, Guinness Flight Premium Fixed Interest, Henderson Preference & Gilt, and M&G Gilt & Fixed Interest Income. But remember that the fund with the biggest yield is not necessarily the best; it might involve the risk of capital loss.

International bond funds, which offer broader diversification, have generally lower yields of around 5 or 6 per cent. They involve a currency risk but the possibility of a currency gain if sterling declines.

# FINANCE AND THE FAMILY – GETTING AN INCOME

# Small savers start here . . .

TAX-EXEMPT epecial savings accounts (Tessas) are aimed at the small saver. They allow *tax-free interest to be earned* on bank and building society deposits so long as the account has been kept open for five years. *The maximum amount* that can be deposited in the first year is £3,000, with limits of £1,800 in each subsequent year np to a maximum of £9,000 over five years.

Most Tessas pay intereet annually, but those with a monthly income option inclode Alliance & Leicester, Coventry, National & Provincial and Northern Rock.

■ Pros. Tax-exempt interest is the main attraction of a Tessa, but many people forget they *can draw the net interest without* losing the tax advantage. The capital must be untouched for five years to obtain the tax beoefit.

If interest is withdrawn, it will be paid oet of basic-rate tax. The amount withdrawn must not exceed the net amount that would have been paid if tax had been deducted. For example, a basic-rate taxpayer getting £400 in gross interest can withdraw only £300. The "tax" will remain in the Tessa, to be included in the overall return. Rates of interest tend to be higher than on other savings accounts.

■ *Cons. Few institutions have* penalties for withdrawing interest but check this. Confederation Bank's fixed-rate Tessa With a Plus requires six months' notice for interest withdrawal; there is also 180 days' loss of interest. There have been some fixed-rate Tessas but most pay variable rates.

■ Rates. In the range of 5.5 to 8.75 per cent gross, depending on whether the institution has cut its charges following the recent base rate drop.

## HIGHEST RATES FOR YOUR MONEY

| | Account | Telephone | Notice/term | Minimum deposit | Rate % | Int. paid |
|---|---|---|---|---|---|---|
| **INVESTMENT A/C's and BONDS (Gross)** | | | | | | |
| Scarborough BS | First Post | 0800 590578 | Postal | £250 | 6.80% | Yly |
| Northern Rock BS | Go Direct | 0500 505000 | Postal | £2,000 | 8.05% | Yly |
| | | | | £20,000 | 8.55% | Yly |
| Scarborough BS | Scarbgh Ninety 3 | 0723 368165 | 90 Day | £500 | 7.25% | Yly |
| City & Metropolitan BS | Super 90 | 081 464 0814 | 90 Day | £25,000 | 8.00%□ | Mly |
| Newcastle BS | Nova Star VI | 091 232 6676 | 1 Year | £5,000 | 8.50% | Yly |
| Chelsea BS | Premier VI | 0800 272505 | £1.3.95 | £10,000 | 10.00%‡ | Yly |
| **TESSAs (Tax Free)** | | | | | | |
| Allied Trust Bank | | 071 626 0879 | 5 Year | £9,000 | 9.49% | Yly |
| National Counties BS | | 0372 742211 | 5 Year | £3,000 | 8.75% | Yly |
| West Bromwich | | 021 525 7070 | 5 Year | £150 | 8.70% | Yly |
| Tipton & Coseley BS | | 021 557 2551 | 5 Year | £1 | 8.65% | Yly |
| **HIGH INTEREST CHEQUE A/Cs (Gross)** | | | | | | |
| Caledonian Bank | HICA | 031 556 8235 | Instant | £1 | 5.60% | Yly |
| Citibank | Money Market Plus | 0800 565864 | Instant | £2,000 | 5.75% | Mly |
| Chelsea BS | Classic Postal | 0800 717515 | Instant | £10,000 | 7.60%‡ | Yly |
| | | | | £25,000 | 8.10%‡ | Yly |
| **OFFSHORE ACCOUNTS (Gross)** | | | | | | |
| Woolwich Guernsey BS | Woolwich Intl | 0481 715735 | Instant | £500 | 6.25% | Yly |
| Derbyshire (IOM) Ltd | 90 Day Notice | 0624 663432 | 90 Day | £10,000 | 7.25% | Yly |
| | | | | £25,000 | 7.60% | Yly |
| Bristol & West Intl Ltd | Intl Premier | 0481 720609 | 6 Month♦ | £50,000 | 8.60% | Yly |
| **GUARANTEED INCOME BONDS (Net)** | | | | | | |
| Aifco FN | | 081 680 7153 | 1 Year | £50,000 | 5.05% | Yly |
| Consolidated Life FN | | 081 940 8343 | 2 Year | £2,000 | 5.40% | Yly |
| Consolidated Life FN | | 081 940 8343 | 3 Year | £2,000 | 6.00% | Yly |
| Consolidated Life FN | | 081 940 8343 | 4 Year | £2,000 | 6.20% | Yly |
| Laurentian Life FN | | 0452 371371 | 5 Year | £50,000 | 6.60% | Yly |
| **NATIONAL SAVINGS A/Cs & BONDS (Gross)** | | | | | | |
| | Investment A/C | | 1 Month | £20 | 6.25% | Yly |
| | Income Bonds | | 3 Month | £2,000 | 7.00% | Mly |
| | Capital Bonds G | | 5 Year | £100 | 7.75%F | OM |
| **NAT SAVINGS CERTIFICATES (Tax Free)** | | | | | | |
| | 40th Issue | | 5 Year | £100 | 5.75%F | OM |
| | 6th Index Linked | | 5 Year | £100 | 3.25% +Infln | OM |
| | Childrens Bond E | | 5 Year | £25 | 7.85%F | OM |

This table covers major banks and Building Societies only. All rates (except Guaranteed Income Bonds) are shown Gross. Fixed = Fixed Rate (All other rates are variable) OM = Interest paid on maturity. N= Net Rate. B = Bond.
‡= Rate fixed only until 1.4.93. □ = Rate guaranteed until 1.5.93. †= Rate guaranteed only until 12.2.93. ♦= After 6 month qualifying period

Source: MONEYFACTS, The Monthly Guide to Investment and Mortgage Rates, Laundry Loke, North Walsham, Norfolk, NR28 0BD. Readers can obtain a complimentary copy by phoning 0892 500677.

## Gilt-edged stocks

BONDS issued by the UK government are known as gilt-edged stocks, or gilts, because of their unimpeachable security. They offer a fixed return for a fixed period (except for those that are index-linked). Payment normally is made semi-annually. The cheapeet way of buying them is through the National Savings stock register at the post office.

■ Pros. The return is fixed and cannot fall once bought. Investors are sure what the repayment value will be and, short of revolution, it is certain. Dealing costs are cheap and the market is very liquid, making gilts easy to sell. Any profits are free of capital gains tax.

■ Cons. Many gilts are trading at above face value; thus, investors are "locking in" a capital loss on purchase which cannot be offset, for CGT purposes, against gains elsewhere. If interest rates rise generally, the price of gilts probably will fall; inflation will, in any case, eat into the value of the investment. Short-term gilts are offering returns which are little better than those available from building societies.

■ Rates. Redemption yields vary from 5.5 per cent on short-term issues to 8.8 per cent at the longer end. These figures take account of both income and the capital gain/loss to maturity.

## Personal equity plans

SHARE DIVIDENDS bave always been a useful source of income but rarely have their attractions been so apparent as now. With the stock market yielding around 4.3 per cent and base rates at 6 per cent, the gap between dividend and cash returns is very small

What is more, the existence of the personal equity plan means tbat investore can receive dividends gross. All income and gains within a Pep are tax-free.

■ Pros. There is no time limit on bolding a Pep, and investors can put in £9,000 a year, via a general and single company plan. Dividends tend to grow in line with the economy over the long term, so there is more scope for income growth than with a building society.

■ Cons. The value of a Pep can fall and dividends can be cut. These investments are best held for the long term. Charges can outweight the tax benefits on many plans, especially for a low-rate taxpayer or for those who cannot afford to invest the full allowance.

■ Rates. The income yields of Peps vary widely. Three income plans launchcd this week (see pagc II) yield between 5 and 7 per cent. But look carefully at the investments which the Pep will bold; a very high yield can mean very high risk or uot much prospect for growth. The lower the charges, the better.

## National Savings

*NATIONAL* Savings income bonds are government-issued and sold at post offices. They pay taxable monthly income at variable rates. The minimum purchase is £2,000, with additional purchases in £1,000 lumps. Thc maximum is £50,000 for an individual.

■ Pros. Safe and simple way to receive monthly income. Interest is paid gross which is convenient for non-taxpayers.

■ Cons. Only half the advertised rate of interest will be paid if the bond is encashed in thc first year. Three months' notice is required for encashment. The rate is variable and can often be beaten by the best building societies.

■ Rates. Currently 7 per cent gross. NS gives six weeks notice of rate changes.

## Pibs

PERMANENT interest-bearing shares (Pibs) are issued by building societies to raise capital. They will not be redeemed – there is no repayment date – so thc fixed interest they pay is for life. The first issues, in 1991, were aimcd mainly at institutions but several building societies, including Bristol & West and Britannia, have put them within reach of private investors by making the minimum investment £1,000.

■ Pros. Pibs offer high yields compared with other fixed-rate investments. The fixed income ie paid twice a year net of basic-rate tax. A number of companies have packaged them, so they pay out income more often during tbe year. Pibs are exempt from capital gains tax.

■ Cons. Since Pibs are issued by a building society, they are riskier than, say, government-issued gilts; this is why their yields are higher. There is no compensation available if the society collapses and it can skip interest payments if it gets into difficulty without having to pay them later.

The only way of getting back capital is to sell the shares, but you risk making a capital loss if you do that. The market for dealing in Pibs is illiquid, which might make them hard to sell in troubled times.

■ Rates. Present gross yields range from 10.3 to 11.9 per cent, depending on the issue.



## The Week Ahead

THE results season springs to life next Thursday with a handful of the UK's largest companies reporting. British Petroleum's figures should show it has begun to recover from its recent uadir. With historical cost profits of £100m forecast for the final quarter, losses for the year are expected to be £487m (profits £1.2bn).

Last year, BP heavily restructured management and operations. After several quarters of negative cashflow, it is expected to have been cash neutral in the final quarter.

Lloyds Bank, which has been the most profitable of the clearing banks in recent years, announces its full-year results for 1992 on Friday. It is the first big clearing bank to report after bringing forward its announcement by two weeks. Analysts anticipate pre-tax profits of at least £650m after last year's £645m, but one estimate is of £745m. Provisions for bad and doubtful debts are estimated at between £650m and £870m, against £918m in 1991.

Renters, the international news and information group, is expected on Tuesday to reveal an increase in pre-tax profits from £340m to £380m for the year to December.

British Telecommunications unveils its third quarter results on Thursday, these are expected to show its resilience. Pre-tax profits are expected to be £720m-£750m (£759m a year earlier).

## COMPANY NEWS SUMMARY

### TAKE-OVER BIDS AND MERGERS

| Company bid for | Value of bid per share** | Market price** | Price before bid | Value of bid £ms** | Bidder |
|---|---|---|---|---|---|
| Prices in pence unless otherwise indicated | | | | | |
| Evode | *134* | 134 | 106 | *97.48* | Laporte |
| Do. Prf. | 112 | 116 | 101 | 45.7 | Laporte |
| Hunter Saphir | 42* | 43 | 36† | 10.37 | Albert Fisher |
| Owners Abroad | 105 | 115 | 109 | 156.45 | Airtours |
| Do. Cnv. Prf. | 103 | 205 | 179 | 53.6 | Airtours |

*All cash offer. ††Cash alternative. §For capital not already held. ‡ Unconditional. **Based on 2.30 pm prices 5/2/93. §§Shares and cash. †Price at suspension.

### RESULTS DUE

| Company | Announcement due | Dividend (p)* Last year Int. | Last year Final | This year Int. |
|---|---|---|---|---|
| **FINAL DIVIDENDS** | | | | |
| Alexanders Holdings | Friday | - | 1.0 | - |
| Anglo & Overseas Tst | *Friday* | *1.75* | 4.7 | *1.75* |
| BP | Thursday | 4.2 | 4.2 | 2.1 |
| Brabant Resources | Wednesday | - | - | - |
| City Merchants High Yield | Thursday | 2.0 | 2.87 | 1.3 |
| Crest Nicholson | Thursday | - | 0.01 | - |
| Draytoe Far Eastern Tst | Thursday | 0.125 | 0.5 | 0.125 |
| EFM Java Tst | Monday | - | 0.06 | - |
| Finsbury Smaller Co's Tst | Thursday | 1.0 | 1.9 | 1.0 |
| General Consolidated Inv Tst | Thursday | - | - | - |
| Kleinwort Overseas Inv Tst | Wednesday | 1.5 | 1.7 | 1.5 |
| Lloyds Bank | Friday | 6.4 | 11.3 | 5.9 |
| Lonrho | Thursday | 5.0 | 5.0 | 2.0 |
| Manchester Ship Canal | Tuesday | - | 4.5 | - |
| P&P | Tuesday | 1.33 | 3.0 | 0.7 |
| Reuters Holdings | Tuesday | 4.7 | 12.3 | 5.3 |
| River & Mercantile Tst | Thursday | - | - | - |
| Scottish American Inv | Wednesday | 1.04 | 1.06 | 1.09 |
| **INTERIM DIVIDENDS** | | | | |
| Bailey (CH) | Wednesday | - | - | - |
| Benson Group | Wednesday | - | 0.1 | - |
| Black (Peter) | Monday | 0.77 | 2.17 | - |
| BOC Group | Thursday§ | 11.6 | 11.0 | 11.6 |
| British Telecom | Thursday● | 5.7 | 8.7 | 6.15 |
| Bryant Group | Monday | 1.4 | 3.4 | - |
| Bucknall Group | Friday | - | - | - |
| Ebiel | Wednesday | - | - | - |
| Industrial Control Services | Thursday | - | - | - |
| Menzies (John) | Monday | 3.e | 6.4 | - |
| Newmark (Louis) | Thursday | - | - | - |
| Pantheon Int'l Part | Thursday | - | 2.5 | - |
| Symonds Engineering | Thursday | 0.3 | 0.7 | - |
| Throgmorton 1000 Smallest Co | Wednesday | - | - | - |
| US Smaller Co's Inv Tst | Monday | - | 0.1 | - |

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. ♦ = 1st quarter figures. ● = 3rd quarter figures.
Reports and accounts are not normally available until about 6 weeks after the board meeting to approve preliminary results.

### PRELIMINARY RESULTS

| Company | Year to | Pre-tax profit (£000) | | Earnings* per share (p) | | Dividends* per share (p) | |
|---|---|---|---|---|---|---|---|
| Britannia Build Soc | Dec | 81,400 | (64,000) | - | (-) | - | (-) |
| Bullough | Oct | 8,540 | (20,800) | 4.45 | (11.55) | 6.05 | (6.05) |
| Burlington Group | Dec | 171 | (160) | 1.01 | (0.61) | 0.5 | (0.5) |
| Caldwell Inv | Oct | 322 | (220) | 3.15 | (1.62) | - | (-) |
| Castle Cairn Inv | Dec | 134 | (122) | 0.85 | (0.75) | 0.8 | (0.75) |
| Celltech | Sept | 7,460 L | (6,580 L) | - | (-) | - | (-) |
| Fleming American Inv | Dec | 1,090 | (1,510) | 0.73 | (1.26) | 0.7 | (1.25) |
| Fleming Claverhouse | Dec | 2,230♥ | (1,690♥) | 10.6 | (9.47) | 10.7 | (10.5) |
| Fyffes | Oct‡ | 28,500 | (27,100) | 5.9 | (6.73) | 1.253 | (1.14) |
| Greenbriar Inv | Dec | 1,080 | (1,300) | 8.86 | (8.12) | 6.35 | (8.1) |
| Heavitree Brewery | Oct | 580 | (910) | 4.2 | (8.0) | 3.05 | (3.05) |
| HK Bank Australia | Dec♣ | 6,000 | (37,600 L) | - | (-) | - | (-) |
| Marine Midland | Dec‡ | 109,200 | (189,900L) | - | (-) | - | (-) |
| Misklin Group | Jul | 2,190 L | (7,360 L) | - | (-) | - | (-) |
| Northern Rock | Dec | 74,700 | (54,600) | - | (-) | - | (-) |
| Seacoe Holdings | Sept | 2,280 | (1,660) | 15.92 | (12.05) | 5.1 | (4.2) |
| Sheafbank Property | Jun† | 334 L | (693 L) | - | (-) | 0.2 | (0.2) |
| Waste Management | Dec | 143,700 | (96,400) | 23.3 | (17.9) | - | (-) |

### INTERIM STATEMENTS

| Company | Half-year to | Pre-tax profit (£000) | | Interim dividends* per share (p) | |
|---|---|---|---|---|---|
| Adscene Group | Nov | 946 | (720) | 1.8 | (1.5) |
| Allied Leisure | Jan | 1,240 | (1,630) | 1.0 | (1.5) |
| Armitage Bros | Oct | 715 | (712) | 2.6 | (2.6) |
| Brandon Hire | Oct | 61 | (23) | - | (0.1) |
| Bristol Channel | Oct | 236 L | (75) | - | (-) |
| Cook (DC) | Oct | 56 L | (107) | - | (-) |
| CRT | Oct | 689 | (2,610) | 0.65 | (0.57) |
| Dana Exploration | Jun‡ | 1,270 | (83 L) | - | (-) |
| Debenham Tewson | Oct | 938 | (727) | 1.2 | (1.0) |
| Eleco Holdings | Dec | 2,210 L | (513) | - | (-) |
| Enaor Holdings | Sept | 2,100 L | (294 L) | - | (-) |
| Elonbrook Props | Sept | 74 | (300) | - | (-) |
| Ewart | Oct | 280 L | (104) | - | (0.25) |
| Goodhead | Nov | 161 | (429) | - | (-) |
| Haynes Publishing | Nov | 1,500 | (1,130) | 3.5 | (2.5) |
| Helton Holdings | Oct‡ | 945 | (820) | 0.65 | (0.65) |
| Huntingdon Int'l | Dec● | 6,730 | (3,580) | - | (-) |
| Jersey Phoenix Tst | Dec | 185§ | (48 L) | 1.2♣ | (1.2♣) |
| Korea Asia Fund | Sept | 610 | (534) | - | (-) |
| Latham (James) | Sept | 54 | (121) | - | (-) |
| Markheath | Sept | 4,710 L | (459 L) | - | (0.5) |
| McKay Securities | Sept | 877 | (2,000) | - | (3.2) |
| Menvier Swain | Oct | 3,210 | (2,770) | 3.3 | (2.7) |
| Palmerston Holdings | Sept | 5,780 L | (478) | - | (0.5) |
| Prior | Sept | 487 L | (411 L) | - | (-) |
| Property Tst | Sept | 428 | (6,300 L) | - | (-) |
| Regian Property | Sept | 564 L | (565 L) | - | (-) |
| Stonehill Hldgs | Sept | 170 L | (290 L) | - | (-) |
| TR City of London | Dec | 5,300 | (5,950) | 1.24 | (1.24) |
| Welsh Industrial | Oct | 36♦ | (54♦) | - | (-) |
| Wholesale Fittings | Oct | 934 | (1,210) | 3.23 | (3.22) |
| Wiggins Group | Sept | 359 L | (1,760 L) | - | (-) |
| Wininvest | Sept | 1,010 | (1,640) | 3.0 | (3.0) |
| YRM | Oct | 498 L | (534) | 1.5 | (1.65) |

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss. ♦ = Figures quoted in Irish pounds & pence. † = This years figures for 15 months. ‡ = Net profits quoted in US dollars. ♣ = Available revenue. § = Figure for 18 months. ♥ = Net revenue. ● = 1st quarter figures. ◆ = 2nd interim dividend. §§ = Retained profits. ♣ = After tax profits quoted in Australian dollars.

### RIGHTS ISSUES

Allied Leisure is to raise £12.6m via a 7-for-10 rights issue at 48p.
Menvier Swain is to raise £8.0m via a one-for-eight rights issue at 520p.
Triplex Lloyd is to raise £17.3m via a one-for-four rights issue at 140p.

### OFFERS FOR SALE, PLACINGS & INTRODUCTIONS

Abtrust Preferred Inv Tst is to raise £16.4m via a placing of ordinary income and zero dividend preference shares.
Bostrom is to raise £1.79m via a placing of 1.41m shares at 127p.
Iceland Frozen Foods is to raise £27.5m via a placing.

FINANCE AND THE FAMILY

Investment Trusts

# F&C: achievement with a touch of adventure

THERE IS a reassuring solidity about the Foreign and Colonial Investment trust. It is both the largest trust – with gross assets of £1,405m – and the oldest.

Its name conjures up its Victorian origins. Founded in 1868, it was designed to offer investors a better return than that available on gilts (then yielding 3 per cent). The original portfolio contained such exotica as Danubian bonds and Egyptian railway loans.

Michael Hart, its joint manager, joined Foreign & Colonial in 1958 and has been running the trust since 1969. Along the way, he passed his company secretary examinations and studied at night school to get a degree from the London School of Economics.

The trust has an excellent long-term record – in terms of net asset performance, it was second in the international general sector over the 10 years to end-1992, according to the Association of Investment Trust Companies.

Someone who invested £1,000 in 1945, and then re-invested all the dividends, would now have more than £635,000; the same sum invested in a building society would have grown to just under £14,000.

It all sounds respectable and solid but Foreign & Colonial actually does some quite racy things. It speculates in currencies – at the end of 1992, for example, 40 per cent of its assets were in the UK stock market but only 31 per cent were in sterling.

The trust is prepared to "gear up" by borrowing to invest in shares, as witnessed by its £110m debenture issue in November 1989. It is also willing to venture into unusual areas, being one of the first British investors to buy Japanese stocks – in 1961 – and moving into Brazil early in the 1970s.

Foreign & Colonial also tries to take a contrarian approach and buys into markets when they are unfashionable. This approach does not always work – the trust was too optimistic about the Japanese market in 1992, for instance – but the strategy is crucial to long-term success.

Such a large trust, covering such a wide area, cannot be run by one man alone. Eric Elstob is the other joint manager, while Andrew Barker looks at the American market, Ian Wright at the Far East, and Stephen White at Europe.

At the end of 1992, the spread of assets was UK (40 per cent), Europe (15 per cent), US (30 per cent), Japan (9 per cent), other Far East (4 per cent) and Latin America (2 per cent). The list of 10 biggest stocks has an international flavour: BTR, Shell, BAT, Robert Fleming, Glaxo, Cable & Wireless and BT are all British but Home Depot, Great Lakes and Sysco are from the US.

It is Foreign & Colonial's international spread that appeals so much to private investors, who would find it very costly to construct such a diversified portfolio on their own. The global spread also explains its success, as the long-term fall in sterling has boosted the value of the group's international stocks.

It does mean, though, that the trust can offer only a lowish yield – of 2 per cent – and does not qualify for full Pep status (see below). So, it is most suitable for those seeking long-term capital growth.

Large general investment trusts fell out of favour in the 1980s, and some – like Globe, once the largest trust of all – disappeared via takeover. But Foreign & Colonial has been nimble enough to avoid this fate; it was the first trust to launch a savings scheme in 1984.

Since then, the number of shareholders has almost quintupled – to 56,751 – which has helped to narrow the discount considerably.

The trust owns 30.5 per cent of its management company, Foreign & Colonial Management, which has around £7.5bn of assets under management. Hypo Bank of Bavaria owns a 50 per cent stake in F&C Management.

In 1991, the trust announced its 21st consecutive annual increase in dividend. That sort of consistency has been the key to its success; and although Hart, who is 59, must retire some day, it is hard to see any reason why the trust should slip from its previous high standards.

■ Key facts. The trust had gross assets of £1,405m and net assets of £1,223m as of February 3. At the close of business that day, the net asset value per share was 237p and the shares were trading at 219p, a discount of 7.7 per cent. The dividend yield was 2 per cent and the annual management fee is 0.3 per cent.

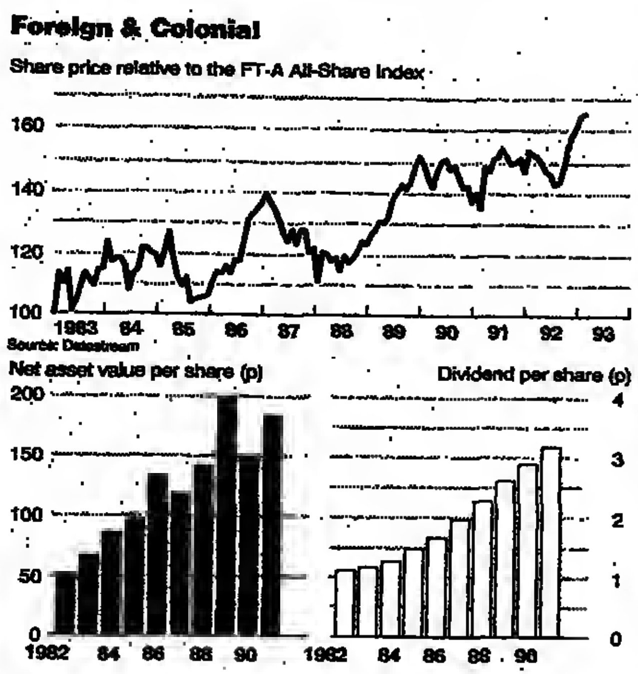
■ Board. The trust has a large and diverse board. Apart from Hart, Elstob, Barker, Oliver Dawson and James Ogilvy, all from the management group, there is also Sir Timothy Bevan (a former Barclays chairman); Sir John Egan, the chief executive of BAA; Haruko Fukuda, a director of Nikko Europe; Lord Lennox, a former ambassador to Spain; and Lord Rockley, vice-chairman of Kleinwort Benson. The chairman of the trust is John Sclater, also chairman of Berisford International.

■ Savings scheme and Pep details. The minimum investment in the savings scheme is £25 a month. The only charges are brokers' commission of 0.2 per cent and government stamp duty of 0.5 per cent.

Because Foreign & Colonial has more than 50 per cent of its assets outside the European Community, it does not qualify for the full £6,000 annual Pep allowance. Instead, you can invest £1,500 into the main trust and top up with one of the other trusts run by the group.

On a lump sum Pep, there is an initial charge of £50 plus VAT (£5 plus VAT a month for regular savings); there is also an annual administration charge of £5 plus VAT a month. There is a top-up charge of £25 plus VAT and dealing charges within the Pep are 0.2 per cent. The minimum lump sum Pep investment is £2,000, or £100 a month.

*Philip Coggan*




# Where there's a will . . .

*. . . there's a way to appoint executors, says Scheherazade Daneshkhu*

APPOINTING a friend as executor to your will might mean one friend less. So, considerate people often choose to give this onerous responsibility to a bank or solicitor. But they would be making a mistake according to *Which?*, the Consumer's Association's monthly magazine.

Simon Hinde, the editor, says: "Banks and solicitors can take years to administer a will and charge enormous sums for the privilege. Overcharging and incompetence can result in years of wrangling and cost thousands of pounds."

*Which?* quotes one case where the Midland bank misread a will and paid almost £50,000 too much in inheritance tax. A beneficiary spotted the mistake. It took two years to wind up the estate and the bank charged £11,000.

One solicitor charged almost £6,000 and took nearly five years to deal with a £120,000 will. He also retained a further £4,673 against potential charges.

In another case, Barclays bank charged more than £5,000 to close six bank accounts, wind up a pension and distribute the money among three people. It took seven months to do the work.

*Which?* estimates total bank charges for administering a simple will as: Barclays £6,072, Lloyds £5,776, Midland £4,629 and National Westminster £6,497. It advises people to appoint a professional as executor only as a last resort.

Anyone making a will has to appoint an executor to administer it after their death. The work involves paying taxes and debts, selling property, and ensuring that the beneficiaries receive their entitlements.

It is common to appoint a spouse or trusted relative and it is often a good idea for two people to share the responsibility, particularly if one is a beneficiary. Lay executors can then appoint professionals to carry out the work and will be able to exert more control over them.

Before appointing a friend or relative, their approval should be sought because there is little that beneficiaries can do if a lay executor does a bad job. They can be taken to court but negligence may be difficult to prove, quite apart from the expense.

People who use the will-writing service of a bank will find that a condition of the service is that the bank be made executor. But if you have to appoint a professional, *Which?* advises people to avoid banks in favour of a good solicitor.

The professional's charges should be established and there should be a clause in the will to arrange payment of these.

If you have grounds for complaint against a bank as executor, you should write to the Banking Ombudsman, Citadel House, 5-10 Fetter Lane, London EC4 1BR.

If your cause for grievance is a solicitor, write to the Solicitors' Complaints Bureau, Portland House, Stag Place, London SW1E 5BL. If you are dissatisfied with the outcome, you can take the matter further to the Legal Services Ombudsman, 22 Oxford Court, Oxford Street, Manchester M2 3WQ.

Anyone who has made a will should make sure that it is kept up to date. Mintel, the market research group, found that one to six is out of date, often because of remarriage or having children.

# Top annuity rates

THE LATEST table of annuity rates reflects the falls which have taken place since the base rate cut. Since 1990, according to William Burrows of Annuity Direct, base rates have fallen by 60 per cent and annuity rates by 20 per cent.

These figures for annual payments are made on the assumption that annuities grow by 5 per cent each year. Last month's table quotes level annuities, which remain unchanged and offer a higher initial annual pay-out.

Readers should also note that the Royal National Pension Fund for Nurses (RNPFN) provides annuities only for the medical profession.

All annuities are payable monthly in advance, and have no guarantee. The figures are supplied by the Annuity Bureau Limited, 11-12 Hanover Square, London W1R 9HD. Tel. 071-495 1495.

ANNUITY RATES-PURCHASE PRICE £10,000

| | | | | |
|---|---|---|---|---|
| **Open market Option annuity** | | | | |
| Male age 63 | Annuity | Female age 60 | | Annuity |
| 1. RNPFN | £840.48 | RNPFN | | £718.80 |
| 2. Canada Life | £825.00 | Equitable Life | | £687.00 |
| 3. Norwich Union | £821.40 | Norwich Union | | £683.28 |
| **Open market option annuity with 50% spouse's annuity** | | | | |
| Male 63/Female 60 | Annuity | Female 63/Male 60 | | Annuity |
| 1. RNPFN | £696.00 | RNPFN | | £623.52 |
| 2. Equitable Life | £680.28 | Equitable Life | | £606.96 |
| 3. Canada Life | £676.20 | Norwich Union | | £597.96 |
| **Immediate annuity** | | | | |
| Male age 63 | Annuity | Male 63/Female 60 | | Annuity |
| 1. RNPFN | £812.40 | RNPFN | | £664.32 |
| 2. Standard Life | £781.20 | Standard Life | | £648.00 |
| 3. General | £754.50 | General | | £641.45 |
| **Temporary Annuity – 15 year term** | | | | |
| Male 63 | Annuity | Female 60/Male 63 | | Annuity |
| 1. General | £975.36 | General | | £895.96 |
| 2. Standard Life | £966.00 | Standard Life | | £888.00 |
| 3. Royal Life | £948.48 | Providence Capitol | | £824.04 |

*All payments are monthly in advance*

# FINANCE AND THE FAMILY

Diary of a Private Investor

# Wanted: smaller firms' exchange

***Kevin Goldstein-Jackson** on the new SEATS system for share trading*

FOR SOME years, I have complained about the difficulties of trading in the shares of some small companies. I found it was either impossible to buy any of their shares immediately, or that shares could be acquired only in small amounts of perhaps 250 at a time.

This made dealing costs, based on a minimum commission charge per deal, rather expensive. To sell the shares might also mean waiting some considerable time for a buyer to appear, or having to let them go in small parcels.

In s *Weekend FT* article last year, I welcomed the stock exchange's introduction of s Bulletin Board servics with details of around 120 UK-listed and USM small companies. Brokers were able to use its screen pages to display details of their clients' requirements.

In November, the exchange replaced Bulletin Board witb something aven better: SEATS (the Stock Exchange Alternative Trading Service). Sadly, this has not received all the publicity it deserves.

Wbile Bulletin Board improved dealings in tbe shares of companies included on it, concerns were expressed that tha lack of competing limit orders for certain shares sometimes meant there was no two-way price available. This affected brokers' ability to deal and to place an effective valuation on the shares concerned.

Witb SEATS, the Bulletin Board type of display continues, with brokers being able to act on a "matched bargain" basis. But where a company has a single market-maker, it must now display a bid-to-offer price at all times. Broksrs wishing to deal in those shares must disclose what they want to do and allow the market-maker first refusal of it.


With various other incentives for market-makers, SEATS ahould encourage a more active market (although there are still some companies withont a market-maker at all). But the success of the system will depend on the number of people buying and seiling shares in companies displayed on it. The more who trade, the better the service.

One broking firm seeking to alert private investors to its advantages is Dunbar Boyle & Kingsley. It has sent letters to a number of people (including myself) with shares in SEATS companies, enclosing a hrief research report on the company in which the investor has a holding and inviting him to request similar reports on a further 14.

DB & K's Rohin Boyle explains in his letter that his firm has made a particular point of researching tbe SEATS market. He says he is "worried abont the way the larger firms are working more and more for the big institutions" and, in his opinion, "ignoring the needs of the private investor."

Boyle claims that "a number of the large financial concerns have stopped being market-makers to a selection of interesting smaller companies, simply because they can no longer see their way to making a suitably large profit from working in that particular line of husiness."

He continues: "Smaller companies are the life hlood of the British economy: it is unfortunate that the larger financial institutions are simply walking away from their responsibility, leaving the crucial task of research and dealing to smaller firms such as ourselves."

The 15 companies mentioned by DB&K include Fortnum & Mason (the up-market London department store); John Swann & Sons (a Scottish livestock auctioneer); British & American Film Holdings (an investment company); and Toye & Co (a maker of badges and other insignia, and uniforms).

I requested all the svailable reporta written hy Mark Wheelsr, the firm's smaller companies research analyst, and found them very interesting although I am not seeking to increase my exposure to SEATS companies just now as I already have direct, or personal pension scheme, holdings in three of them. But anyone wishing to receive copies of Wheeler's reports, and details of the firm's hroking services, can write to Boyle at Gun House, 1/4 Artillery Passage, London E1 7LJ.

In my view, there should be a rival to the stock exchange specialising in smaller companies. After all, ln Canada (with a smaller population than the UK) there is a main stock exchange plus the Vancouver exchange specialising in smaller issues.

In the US, the American Stock Exchange enjoya enormous success trading largely in shares of small to medium size concerns, while the New York Stock Exchange concentrates mainly on the isrger companies. Why should the UK Stock Exchange enjoy a monopoly of trading – especially as the traumas of the coming Taurus system are likely to make a non-Taurus-based stock market even more appealing to the private investor and to smaller companies?

In the absence of sucb n second exchange, though, SEATS is the next best thing.

I have long balieved that more money can be made over the long term by investing in small companies than ln giant corporations. As recent events have shown, yet again, it is easier for a small company to increase its profits hy, say, 25-50 per cent in s year than it is for s company the size of IBM.

It should always be remembered, however, that not all SEATS companies have shares worth buying: tbslr future prospects may be dismal. And even well-run SEATS companies with good prospects can sometimes find their shares subject to sharp variations in price. So, the private investor has to be particularly careful when spending his money.

# Fimbra loophole

***Barbara Ellis** on investor protection fears*

A LOOPHOLE in investor protection is affecting investors who have dealt with members of Fimbra – the Financial Intermediaries, Managers and Brokers Regulatory Association – since the Financial Services Act came into force in 1988.

Some are finding that although the investments they bought were long term, the protection offered by Fimbra was not. In many cases protection ended when the firm left Fimbra, or, at most, 12 months after its departure.

The result is that an investor with a complaint against a former Fimbra member may have only the costly option of suing for redress. Fimbra says it cannot compel former members to submit to the free Consumer Arbitration Scheme even if they have since become appointed representatives of another Fimbra member.

If the former Fimbra member becomes a tied agent of an insurance or unit trust company, the regulator Lautro, the Life assurance and Unit Trust Regulatory Organisation, has no responsibility for dealing with complaints about business conducted under Fimbra banner.

Investors have no recourse to the Investors Compensation Scheme, which only handles claims against firms declared insolvent officially. The regulatory gap appears primarily to have snared investors who bought home income plans from a number of Fimbra members in the late 1980s. The plans were packaged investments combining a mortgage and an equity-linked bond, sold as capable of simultaneously financing the loan and providing an income.

Real life departed from the sales scripts when house prices fell against a background of rising interest rates. By the time problems became acute and investors complained – often that risk warnings had been inadequate – Fimbra said it was too late.

This message was repeatedly conveyed to about 20 investors who had dealt with Findley Insurance Brokers.

John Kirby, Fimbra complaints manager, wrote to one couple last July: "... investors (in dispute with Findley) do not have a right to refer their dispute to the Fimbra Consumer Arbitration Scheme as an alternative to court action, because Findley ceased to be a member of Fimbra on May 1 1991.

"The firm's membership of Fimbra ceased prior to the amendment in December 1991 of the Consumer Arbitration Scheme rules which enabled the referral of dispntes for up to twelve months post-membership. Yon will understand that the association is not empowered to retrospectively impose obligations on firms which have ceased to be members in their won right."

Sympathising with the investors' problem, Kirby said they must rsly on their "normal legal rights" in order to establish a claim.

Writing to another Findley client, in October, to reject a June request for arbitration, Iris Baker, of the Fimbra complaints department, explained that Fimbra's rules were binding in contract only, so that when Findley resigned on May 1, 1991 it immediately ceased to have any obligation under the Arbitration Scheme in respect of claims made after that date.

"As a matter of contract law, it is not open to Fimbra to impose on a unilateral basis, a new obligation or a new duty on a former member after mutual contractual duties have become non-existent by resignation."

Baker wrote: "It follows that the amended 1991 Arbitration schemes rules against Findley, a non-member, but could only operate prospectively in respect of actual and future members as at December 1, 1991."

Although Fimbra could "invite co-operation" from Findley, Baker said that it could not, as a matter of law, compel submission to arbitration.

"You will no doubt wish to consider the merits of pursuing the claim through the courts," she concluded.

The investors wers highly dissatisfied, feeling that Fimbra could have taken a much tougher line with Findley: the firm had effectively remained under its regulation, having joined the Fimbra-member network Conntrywide Independent Advisers as an appointed representative.

Last Novemhar, Countrywide's compliance officer Andrew Ruff informed an accountant representing some of the investors that the network had "advised" Findley to submit to arbitration. But it was not until last week that he was able to confirm Findley's agreement.

"Our role has been to act as an honest hroker, to see if we can't assist with a sensible solution", said Countrywide managing director Peter Tamm, who joined the firm in October. He said the network had not been aware of any disputes with investors when Findley became an appointed agent in 1990. These only came to light in March 1992.

Tamm said the network prided itself on vetting both agents and products – it had never approved the sale of home income plans. He conceded some surprise at Fimbra's assertion that it could only "invite" co-operation:

"I would have thought they did have some sort of suasion, especially since the membership of Fimbra is not entirely severed – it is at one remove," Tamm said. "Nevertheless, Fimbra makes its own rules so I guess they know."

At Lautro, Colin Hawtin said the organisation would want to be aware of any complaints against Fimbra members becoming tied agents in case of any impact on their fit and proper status.

He added: "There is a weakness there: as an investor you bought from an independent financial adviser when the Financial Services Act existed, something is wrong but he is a tied agent and you don't have any recourse. You are on your own and there is nothing Lautro can do about it."

However, Hawtin said information ahout complainta passed among regulators would lead member companies to keep former independent tied agents under special scrutiny. Meanwhile, the committee setting up the Personal Investment Authority is looking at ways of ending the 12-month limitation on responsibility for Fimbra quitters.

# BES still grows

The Business Expansion Scheme continues to expand in spite of its planned abolition at the year's end.

No schemes with a non-recourse loan facility, which allows exit after six months, are available. And many intermediaries are having difficulty investing in these schemes before they are fully subscribed – funds are allocated on a first-come first-served basis, so many cheques sent to sponsors are being returned. There is also a risk that novice investors could be rushed into an inferior deal.

The easiest way around this is to use one of the larger intermediaries. Biggest in the field are Allenbridge Group and BESt Investment, both based in London.

The three schemes launched this week are ingenious. All invest in residential property:

■ Peppa is a unique investment which combines a personal equity plan with a BES. It involves a listing on the Luxembourg stock exchange.

The underlying investment is split into two. Eighty per cent goes into a Luxembourg-listed BES company which will purchase a portfolio of residential rental properties from Wimpey homes, the housebuilding gronp. Wimpey has undertaken to make up any shortfall, compared with the purchase price, after five years. There is no set limit on the profit potential for tbs BES companiea. However, there is uo independent bank guarantee.

The BES element attracts tax relief for the investor in the standard way so that a £1,000 investmsnt will cost only £750 for a basic rate taxpayer and £600 for a top rate payer.

The remaining 20 per cent of the portfolio will go into a Pep managed hy Abtrust which will invest in a portfolio of blne chip shares and gilts. Invsstors can use their full £9,000 annual Pep allowance, if they wish, since the plan qualifies for both single company and general Pep status.

At the end of the five years, the Luxembourg listing will provide investors with a ready made exit route from the BES; the BES shares can also be transferred into the Pep.

Minimnm invsstmant is £1,000 and maximum is £45,000.

■ Cavendish Gleesoo Guaranteed, sponsored hy Smith & Williamson, has a bny-back guarantee after five years from the MJ Gleeson Group, which has been underwritten hy Lloyds Bank. After five years it will pay 115p for ever £1 share bought now. There is no early exit option, and total capacity is only £5m.

■ Cavsndish Growth, also sponsored hy Smith & Williamson, will hny properties from the Household Mortgage Corporation. HMC has covenanted to buy back the properties at the end of ths five-year BES qnalification period at £1.18 for every £1 share. Total capacity is £15m. Minimum investment in both schemes is £1,000.

**John Authers**



# Directors' transactions

LAST WEEK, we noted the tendency of directors to sell shares in spite of the rising market. This week, the situation is little changed. While the monetary value of some transactions can be high, in many cases directors still retain sizesble boidings. Sucb salss should not be viewed as an indication of lack of confidence in a company.

James Hartnett, director of Eurotberm, has sold 120,000 ahares at 506p. His residnal holding remains in excess of 8 per cent of ordinary shares.

Adrian Wallis, chief executive of Vistec Group, sold more than 600,000 shares, raising in excess of £167,000. He retains almost 1.5 per cent of the company. Shares in Gresham Telecomputing have out-performed the market over the past 12 months. Micbael Whitaker, a non-executive director, sold 100,000 ahares at 56p, retaining a big stake in the company.

Three board members st Stylo, including the chairman and managing director, bought 151,000 limited voting shares at 90.25p, following the sale of Control Securities' stake. At Alexon Group, finance director David Cohen increased his stake to 1m shares following his purchase at 66p. He also bought 150,000 cumulative convertible redeemable preference shares at 60p.

**Angus MacDonald**
**Directus Ltd**

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

| Company | Sector | Shares | Value | No of directors |
|---|---|---|---|---|
| SALES | | | | |
| Allied Textiles | Text | 4,000 | 17 | 1 |
| Barbour Index | BuSe | 12,500 | 34 | 1 |
| Boxmore Intl | Pack | 6,000 | 13 | 1 |
| Bradford Prop Trust | Prop | 10,000 | 18 | 1 |
| Compass Group | Hotl | 75,000 | 414 | 1 |
| Eurotherm Intl | Elcs | 120,000 | 610 | 1 |
| Frogmore Estates | Prop | 35,357 | 107 | 1* |
| Gresham Talecomputg | Elcs | 100,000 | 56 | 1 |
| Inchcape | BuSe | 3,690 | 21 | 1* |
| London Scot. Bank | OthF | 300,000 | 203 | 2* |
| Marks & Spencer | Stor | 6,113 | 20 | 1 |
| Multitone Elect. | Elcs | 10,000 | 15 | 1 |
| Perpetunl | OthF | 4,250 | 11 | 1 |
| Prudential | InsL | 216,850 | 651 | 2* |
| Rnk HovisMacDougall | FdMa | 28,169 | 81 | 1 |
| RMC | BdMa | 4,000 | 22 | 1 |
| Salvesen (Ch) | BuSe | 20,000 | 73 | 1 |
| Tesco | FdRe | 12,000 | 31 | 1 |
| Ulster TV | Med | 5,000 | 15 | 1 |
| Vistec | Elcs | 650,000 | 167 | 1 |
| Watson & Philp | FdRe | 10,000 | 33 | 1 |
| PURCHASES | | | | |
| Acatos & Hutcheson | FdMa | 10,000 | 18 | 1 |
| Alexon Grp Inc CCRP | Stor | 307,383 | 194 | 2 |
| Anglo Irish Banks | Bank | 50,000 | 17 | 1 |
| DraytonRecovery Tst | InTr | 14,000 | 10 | 1 |
| Group Devel Cap | InTr | 70,000 | 22 | 1 |
| Kwik Save Group | FdRa | 10,000 | 80 | 1 |
| Microgen | Pack | 15,000 | 32 | 1 |
| OMI Intl | Othl | 38,153 | 12 | 1 |
| Scottish Nat Tr Zer | InTt | 20,000 | 42 | 1 |
| Smith New Court | OthF | 25,000 | 31 | 1 |
| Stylo (Ltd vtg) | Stor | 151,500 | 137 | 3 |
| Witan Inv Warrants | InTr | 10,000 | 11 | 1 |
| Young (H) | Misc | 86,000 | 35 | 3 |

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of e share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 25-29 January 1993.

*Source: Directus Ltd, Edinburgh*

# Trimming fat for the food industry

*Nick Garnett on a man who makes his living selling food for thought*

VISITORS TO Verner Wheelock's office come face to face with a large, grumpy-looking gorilla staring from a poster. "Try telling him fruit 'n' veg are for wimps," the legend says.

Since 1990, Wheelock has run a small company which earns most of its income advising hig food suppliers how to dish up healthier nourishment. In 1990, he left Bradford university – where he was a lecturer in the department of science and society and head of its food policy research unit – to make his living in the private sector.

In particular, Wheelock is grappling with the government's recently-published targets for cutting the fat content of the sticky bun and pork pie diet of the average Briton. This would lower the UK'e chronic incidence of heart disease.

"Unless there is a positive drive on the part of the food industry, I don't think we'll get there," he says. "Food companies have had a fairly rigid viewpoint that dietary recommendations don't really have any impact on them, that it's none of their business, and that it's up to individuals to choose. But their mental block is gradually being eroded."

Wheelock, 54, does not spend all his time worrying about fat. "I see my function as operating somewhere between technology and science on the one hand, and marketing and public relations on the other, with food safety and healthy eating as specialist interests.

"I'm basically in the information business," he saya. "I understand nutrition issues but I also understand how the food industry works. That is a difference to most academics, who do not understand the pressures and constraints on industry."

He says his role is to provide "input, some factual information, interpretation and insight." He says food companies often are too insular and too short of staff to monitor legislation and trends.

Verner Wheelock Associates was set up in 1990. It has a yearly turnover of £140,000, with £100,000 coming from fees. A handful of companies, including McDonald's, the Danish Bacon and Meat Council and Marlow Foods, an ICI subsidiary, pay fixed retainers. Training seminars on food hygiene bring in £25,000, and conferences on food safety and legislation £10,000. Wheelock publishes a ten-issoes-a-year magazine, *Food Policy Update*, which attracts a further £10,000. His three-room premises in Bradford cost just £5,000 a year to rent.

When he set up his business, Wheelock chose to form a co-partnership with a well-established group, Moy Park, a Northern Ireland food maker.

Moy Park injected more than half of the £20,000 start-up capital, retains a majority interest in the company, and has two people on Wheelock Associates' board. Wheelock says this relationship has provided invaluable aid in managing day-to-day finances. Moy Park does not interfere with its work, and all reports Wheelock prepares for other companies remain confidential.

He had fancied running his own business for years and took the chance offered by the university'e early retirement package to realise the ambition. He concedes that the food scares of the late 1980s – eggs, listeria, a few outbreaks of botulism – were a "bonus" for his business. They pushed the government into introducing the Food Safety Act in 1991; this included many proposals made in the mid-1980s but shelved by ministers. "Food wasn't a political issue then."

A white paper on the health of England (there are separate ones for other parts of the UK) calls for reductions in total fat in the average diet by 12 per cent, and by 35 per cent for saturated fat. The government wants to cut the death rate from heart disease and related illnesses in people under 60 hy 40 per cent by the end of the century.

Wheelock says some companies are responding. He lists Heinz, Nestlé and Tesco, the supermarket chain. A recent survey said the basic McDonald's 'burger had the least fat of 'burgers tested. "There used to he 4.5 per cent lard in McDonald's buns but now it is 3 per cent vegetable oil."

Tbe wider issue of health and the food industry is Wheelock's most fruitful area. Cases of food poisoning rose through the 1980s from 10,000 to 30,000 and, in spite of the furore of the late '80s, have jumped by another 50 per cent since 1988. But Wheelock views some worries with scepticism. "One in two deaths are due to diseases of the heart and arteries – yet, we worry about listeria and additives. I mean, who has died from additives?"

He believes the thrust of the government'e proposals on healthy eating are sound. But he insists that moves towards healthy eating are hindered by the growth of what has been termed Britain's "underclass".

Wheelock says: "It is a big problem for the rest of society. A family's over-riding consideration is often getting enough food to fill bellies. It is often the food part of their budget that is necessarily squeezed. Cheap food that provides bulk is high in fat and sugars."

He is interested in the whole food chain. "There has been a shift in the balance of power away from agriculture and food manufacturing towards retailers and consumers."

Even so, "farmers remain producer rather than consumer orientated. The EC acts as a form of insulation that prevents them from being exposed to the market. In the long run, that will make it worse for them."

■ *Verner Wheelock Associates, Albert Mill, 10 Hey Street, Bradford, West Yorks BD7 1DQ. Tel. 0274-729 090*

Healthier package: Dr Wheelock with products of some of his clients

# How I cut my rates

*Stephen Halliday on how he wrested a reduction from his district valuer*

RATES ARE one of the largest overheads for many small businesses, particularly retailers, yet they are often regarded as untouchable. My recent experience suggests that, with a little determination and the right advice, they can be reduced.

Business rates are determined by two separate elements, neither of which is controlled by the local authority. The first is the rateable value of the property. This is established by the district valuer, an official of the Inland Revenue who has no connection with the local authority. The rateable value supposedly reflects the rent at which the property could have been let on a normal commercial basis at the valuation date, April 1 1988.

The district valuer will take into account many factors. These include the position of the property in relation to other traders; the shape, since a retail unit with a long frontage is regarded as more desirable; and the current rents paid by the property and by nearby premises.

The rates are then calculated by applying the uniform business rate to the rateable value. This is set annually by the government and is 40.2p in the £1, but the chancellor has proposed a rise to 41.6p from April. At the current rate property with a rateable value of £10,000 would be paying £4,020 in rates.

Rateable values are supposed to be revised every five years but the last revaluation before 1988 was in 1973. Rents in the south of England had outstripped those in the north, while retail rents had risen more quickly than those for industrial properties. When the rateable values for 1988 were published retailers in the south had some unpleasant surprises.

An appeals procedure exists so traders who believe their rateable values have been incorrectly assessed can take their case to an independent tribunal. My experience of this procedure was initially discouraging but ultimately successful.

When the new rateable values were published in 1990, I wrote to the district valuer saying that I considered the values he had established were excessive because we had recently negotiated a new rent which was considerably lower than the rateable value he had proposed. We received a prompt reply which said:

"On the information presently available to me, I do not consider your proposal to be well founded and I do not intend to alter the rating list."

Some months later, we vacated part of the premises. I wrote again to the valuer explaining this and asked for a reassessment. Again, we received a prompt reply but it contained the same discouraging (and this time extraordinary) statement.

I wrote again explaining that our former storerooms had been occupied by another trader. Was the valuer proposing that we should pay the rates for the new tenant? Or did he intend to collect rates from both of us? Five weeks passed. I telephoned the office, and was told that the letter was a standard one, generated by a computer, and was sent to all applicants regardless of the merit of a particular case.

The letter did not mean what it said. What it *meant* was that my perfectly sensible request was being dealt with and that the rateable value would shortly be reduced.

The official said the letter was a standard one and had been drafted by their legal department. He also told me that my original objection to the rateable values would be receiving further consideration and that I would be hearing from them in due course.

In July 1992, two years after my original objection, I was notified that a valuation tribunal would take place within the month. I was invited to contact the district valuation officer in an attempt to resolve our differences without recourse to the tribunal.

At the same time, I was contacted by a local chartered surveyor. He said he would be putting the cases of a number of local traders and offered to take my case, arguing that a knowledge of valuation principles and local rental agreements would enable him to present a stronger case than I could. If he failed to secure a cut in the rateable value I would not have to pay him. If he succeeded he would invoice me for the equivalent of six months' rates saved. I asked him to act on my behalf.

He based his case on the actual rent that we were paying, backed up with evidence of rents of surrounding properties, and won a reduction. He secured a further significant reduction on a technical point: the availability of toilet facilities within the building which apparently do not bear rates. The combined effect was to reduce the rateable value (and consequently the rates) by more than 20 per cent.

I have this morning received a cheque for nearly £1,500 from my local authority in compensation for rates I have overpaid since April 1 1990, including over £100 in interest.

My affairs had been settled "out of court" but I went to the tribunal anyway out of curiosity. The tribunal consisted of three lay people who had received training in valuation principles but had no connection with the local authority or the valuer. They received evidence in an informal way from each side in turn. Of 64 objections lodged with the district valuer only two appeared before the tribunal. All the others were either withdrawn or settled beforehand.

I was left with two strong impressions. The first was that the valuer was well prepared. He argued his case clearly and produced evidence to support his arguments. The chartered surveyor who acted for the appellant was not so well prepared. It emerged that he was not a local man. He came from a practice in London and was unfamiliar with rents and rates in the small town under discussion. Almost all of the cases which had been settled beforehand had been handled by local firms.

The next re-valuation is due to take place on April 1 1993 and will take effect in April 1995. If you feel you have a case for a lower valuation, collect evidence now.

# Tenants over-stay

Q&A

BRIEFCASE

*No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.*

I LET the ground floor and basement of my house as an art gallery. The last tenants occupied these premises on a five year lease which expired on August 22.

By virtue of a court order, this lease was excluded from the Landlord and Tenants Act 1954, sections 24-28 inclusive. The tenants did not vacate the property at the end of the lease bnt remained in occupation until October 5, when the keys were handed over.

In fact, their builders were there, carrying out repairs and decorations which were the tenants' liability under the lease terms.

Am I entitled to claim rent nntil October 5, when the premises were handed back, or nntil the next quarter day, December 24?

■ You can claim a sum for use and occupation for the period from August 23 to October 5.

## Tax on interest

I GET a company pension paid monthly into my bank account and taxed nnder the PAYE regulations. In addition, I receive gross interest payments from government stocks purchased on tha National Savings stock register.

In the past, such interest payments were the subject of e separate assessment payable on January 1.

In recent years, though, the estimated interest for the current tex year has been included in my PAYE coding notice so that I am paying tax, via my pension payments, on such estimated interest before I receive it.

Does the Inland Revenue have the right to exercise this method of securing payment of the tax due, or could I insist on the interest payments being the enbject of a separate assessment?

■ Many (perhaps most) people seem to prefer to have their untaxed interest taken into account in their PAYE coding in order to spread the tax burden evenly over the year.

So, your tax inspector acted reasonahly in assuming you had no objection to his proposal since you apparently did not object when you got the first coding notice advising yon of the proposed change a few years ago.

If you have received a coding notice for 1993-94 (whicb is unlikely), you should write to the inspector giving notice of objection to the proposed code number, in accordance with regulation 10 (1) of the Income tax (Employments) Regulations 1973: "If the employee is aggrieved by the inspector's determination, be may give notice of objection to tbe inspector, stating tha grounds of his objection."

If, on the other hand, no ooding notice has yet been sent to you for 1993-94, you sbould simply write to the tax office and tell them that you want all your allowances to ba taken into account in your PAYE coding, and that no allowances should be eet against your Schedule D (III/VI) assessments for 1993-94 and subsequently.

Incidentally, if you have not already seen one, you might like to ask your tax office for a copy of the free pamphlet IR68 (accrued-income scheme: taxing securities on transfer).

## Seller must pay

A GROUP of relations and friends each applied for shares in e privatisation issue using money supplied by only one member. What is the capital gains tax position for members of the group when the shares are sold as a single block and the proceeds retained by the selling member?

■ On the facts ontlined, It looks as though the entire CGT liability would fall upon the person who provided the money (with only his or her exempt amount deducted from the total chargeable gain).

## Claims by relatives

MY HUSBAND and I are joint tenants of our house and I wish to convert it into a tenants-in-common ownership. In the event of my husband predeceasing me and not leaving a will, would relatives have a claim on his share of the house and in what proportion?

We have a married daughter. I have brothers and sisters and nephews. My busband has one sister – who is well provided-for – and two nieces. If I die first, would my daughter be able to claim on my busband's property?

■ We note that you wish to change the ownership of your house from a joint tenancy into tenants-in-common so that you can leave your ahare of the house as you wish.

If your busband does not make a will, then your estate would be left in accordance with the rules of intestacy.

These provide that the first £75,000 and any personal possessions would pass to you, and the balance held as to 50 per cent by way of a life interest for you and 50 per cent for your married daughter.

## Bequests to reduce IHT

YOU WILL be aware thet wben spouses contemplate making reciprocal wills, it is advocated that they should first beqneath to their offspring as much as they can afford np to the (present) exempt figure of £150,000 in order to keep inheritance tax to a minimum.

If such a bequest is worded "cash, or shares in public companies or other securities" and such shares are transferred to beneficiaries, can you confirm:
(a) that the acquisition cost for that person(s) is the probate valne of the shares transferred.
(b) that no CGT is payable at the time of transfer either by the estate, or the beneficiary, on any appreciation which may have accrued to that date.
(c) CGT will be payable by the beneficiary on any future sale by him based on the probate value.

■ We confirm that the acquisition cost would be the probate value. No capital gains tax is payable upon the death of the transferor.

However, if the assets increase in value in the future, then there will be CGT payable by the beneficiary on the difference between the sales proceeds and the base cost of the shares.

The base cost would comprise the probate value as increased by the indexation allowance, and the capital gain would be reducad by the annual CGT exemption in the normal way.

*The last two replies were provided by Barry Stillerman of Stoy Hayward.*

FOOD AND DRINK

# Sorry, we're all out to lunch

***Nicholas Lander** considers the lessons learned from the FT's Lunch for a Fiver scheme*

MATCHMAKER rather than dealmaker may seem an unlikely epithet for the *Financial Times* but it is perhaps the most suitable after the enormous success of "Lunch for a Fiver."

For the 17-year-old son of one reader, Lunch for a Fiver made it possible for him to take his girlfriend to their first lunch in a top restaurant.

Another reader, sadly made redundant the week before the scheme started, minimised his spending by courting prospective employers to a succession of £5 lunches, while finance directors pinned the list of 130 participating restaurants to noticeboards in an effort to control expenses.

At the other end of the age spectrum, one woman wrote to say that, having drawn her pension that morning, she went to London for a lunch which she had thought beyond her budget forever.

It also stretched some readers' ingenuity. When senior Home Office employees tried to book a table for 37 at Simpsons-in-the-Strand they were politely refused. Four of them then phoned separately to book three tables of 10 and one of seven which they confirmed by four different fax machines. Then they turned up en masse. During the fortnight, Simpsons served 2,387 £5 lunches. The average spend was £15.50; it extended the promotion for a third week.

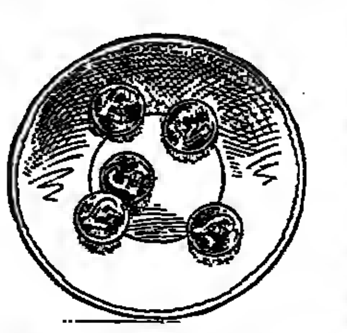
Some spin-offs could not have been foreseen. Alastair Little and Antony Worrall-Thompson, chefs used to media attention, could not believe the response: Little saw queues forming at 11.45am; Worrall-Thompson describing the effect on his business as "mega".

Within the *FT* there was unprecedented interest in the food and drink page. The newspaper's foreign correspondents sent a stream of messages detailing what they could obtain for the equivalent of £5 in their cities. In New York it was a big pastrami-on-rye sandwich from the Carnegie Deli; in Brussels, a bowl of sweetcorn soup and a sandwich; in Bonn, dry bread, water, bangers and sauerkraut.

Nor was I prepared for the number of enthusiastic calls, letters and faxes from readers. Examples: Mr and Mrs Turner in Dunstable, Somerset, who are now converted back to eating-out at lunchtime after a meal at the King's Head, Ivinghoe; Mrs Dalton of Hartfield, Sussex, whose £5 meal at Pierre Victoire, Edinburgh, satisfied the appetite of her 6ft 5in student son; and Suzanne L'Estrange, of Wandsworth, London, who booked nine lunches – the last at Mijanou, in Ebury Street, London, which she described as blissful – and sent a detailed review of her gastronomic holiday.

There have also been letters of complaint. The most vociferous and indignant were levied at the managements of Sheekeys and Drones for the £1.75 cover charge they imposed on top of the £5 menu. Those restaurants which offered a no-choice menu and segregated those on the £5 menu from other diners generated less goodwill than their more expansive rivals.

But those restaurateurs who entered into the spirit of the scheme, offering wide choices and generous portions, have won many new customers. This attitude was most neatly summed up by Denis Blais, co-owner of Belgo, in north London, which discounted its £8.95 lunch to £5 and included a glass of Belgian beer. Blais said: "For new customers it is a great introduction. For our regulars, it is a reward."



But things were not one-sided. Most restaurateurs and chefs asked me if I would like to see a £10 bill from a table of two customers who had eaten the *FT* menu, ordered tap water – and left. Some customers asked if bread and horseradish were included in the price. And, sadly, even at £5 a head, there were the occasional customers who failed to turn up.

Risks are inherent in any promotion, but the success of Lunch for a Fiver has justified the *FT's* decision not to lay down too many rules.

If you were at all disappointed in your £5 lunch, you still had the right to complain to the restaurateur; but please remember that the 130 restaurants that took part were those prepared to make a financial sacrifice and take a culinary risk to join a scheme that had never been put to the test in the UK. Many declined.

For those that took part, Lunch for a Fiver proved a salutary marketing lesson. As Lou Segal, proprietor of Frederick's and a restaurateur for 23 years, put it: "When I was working in the menswear clothing business, we had the answer to January and February – we would hold a sale. It has taken the *FT* to show us that this is what we have to do in the restaurant trade."

At Newtons, in south London, a busy lunchtime used to be 30 covers. Its owner, Tsu Newton, said she did not believe there was a market for lunch in her neighbourhood. However, during the scheme's two weeks she served more than 80 customers a day and last month her turnover was 30 per cent up on January last year.

Rebecca Mascarenhas, of Sonny's, in London SW13, saw her lunchtime trade increase from an average of 30 to 102 covers on the last Friday of the scheme. Extra costs were involved and she had to top up her waiting staff's lunchtime rate but, in the end, Lunch for a Fiver proved financially rewarding.

John Zarmit, an *FT* reader who managed to eat Lunch for a Fiver every day of the fortnight, says he was surprised that restaurateurs did not capitalise on this goodwill. None of the restaurants he visited offered wine specials, pinned the *FT* menu to their à la carte menu or offered a business card on the way out to entice him back.

What Lunch for a Fiver did was create an atmosphere in the participating restaurants: a buzz normally associated with the busiest restaurants, of which there are usually only a handful.

For Patrick Gwynn-Jones, Brian Turner, Stephen and Judy Markwick, restaurateurs of long standing, the fortnight invoked memories of "the good old days"; for waiting staff who had to disappoint callers with the line: "I am sorry we are booked until February", there was a sense of excitement.

For customers that buzz is necessary. Quiet restaurants are just not exciting. One restaurateur rang me at 5pm last Friday afternoon, to tell me: "Lunch for a Fiver has certainly worked with one table of 10. Six of them are still here and their bill is £410."

To those readers who were not able to enjoy Lunch for a Fiver because there was not a participating restaurant nearby, we apologise. For readers in the Exeter area, in south-west England, the St Olaves Court Hotel (tel: 0392-217736) has listed nine restaurants and hotels offering a £5 lunch during February.

No sooner had Lunch for a Fiver been launched than Patrick Valetta was on the fax from his home in the south of France pointing out that there were no restaurants on the list convenient for him. Next year's *FT* Lunch hopes to rectify that. It will be bigger, better and, almost certainly, international.

Champagne/**Edmund Penning-Rowsell**

# A bubbly time at last

WHEN we are all belt-tightening, and Lent is just around the corner, February may seem an odd month to recommend champagne. But it is a good time to buy and drink it – and not just the cheap brands promoted by supermarkets.

Overall it is likely to be superior in quality compared with a few years ago. Moreover, sterling devaluation and likely Budget duty rises may increase retail prices of new imports by up to 20 per cent.

Quality should be better for two reasons. The sharp fall in sales since 1989 has resulted in an accumulation of merchants' stocks.

Many firms have five years' stock in their cellars. One leading merchant described his Epernay cellars as almost full to the roof. All but the immature champagnes, dumped on the market mostly by cash-hungry growers who market their own brands, will have the benefit of increased bottle-age – an important factor for champagne.

Secondly, non-vintage blends, which account for 85 per cent of production, will include wines from the particularly fine and prolific 1989 and 1990 vintages.

The high quality of these years and a still optimistic market partly led to excessive rises in official prices. However, at the last vintage, the price of grapes per kilo fell sharply to FFr24 plus a premium of FFr2.50 for the top villages and FFr19 for the bottom-rated communes.

With 1.3 kilos of grapes needed per bottle, and a basic production cost without overheads, depreciation or interest charges of FFr15, this means a minimum of FFr45 per

bottle for the top level and FFr39 at the bottom.

However, the French supermarkets have been selling champagne at FFr45 to FFr50 a bottle and one big one, LeClerc, at less than FFr40 – in all cases including 18.6 per cent VAT. So they have presumably been selling at a heavy loss.

This has rebounded on the big co-ops which market their own brands and the 4500 growers who do the same. They have been undercut in a slice of the French domestic market that accounted for nearly half French domestic sales. It is mostly these too-young brands from low-level sources that have attracted criticism for their lack of quality.

However, in the 1992 vintage, significant improvements were made. Apprehensive growers sold more grapes to the merchants than for 20 years. The third pressing (the *deuxième taille*) was eliminated. For each 100 litres of pressed juice 160 kilos of grapes were required, instead of 150, thus raising quality.

The maximum yield per ha was reduced to 10,400 kilos, but this year everything above 9,000 kilos was put into a blocked reserve of still wine, denied second fermentation – or payment – until its probable release in two years' time.

This year the minimum bottle-age allowed before sale is expected to be increased from 12 to 15 months, with 18 on the horizon. This will certainly improve quality, but not affect the Grandes Marques which sell their N.V. when 2½ to three years old.

Future developments in prices will depend on the state of the market and the size and quality of the next vintage, likely to be large in designated vineyard areas, unless hit by natural disasters.

Top prices may drop again to FFr20 per kilo, and growers may demand a return to modified inter-professional contracts, guaranteeing their sale. But the merchants are nearly all firmly against this.

However, Champagne is the best organised wine region in France, with close collaboration between growers and merchants and with both dedicated to higher quality in order to compete with other sparkling wines. Good champagne can never be cheap but, increasingly, it should be good value as the best wine of celebration.

# Old Masters fail to make an impression

*Optimism gives way to disappointment at New York sales — and buyers must now face the deterrent effect of a new 15 per cent premium, reports* ***Homan Potterton***

THE RUMOUR last year in the New York art market – fanned assiduously by auction houses and dealers alike – was that Old Masters, traditionally a subdued market in the United States, were about to come into their own. Both Sotheby's and Christie's had successful sales which featured a range of quality paintings – well above the New York auction average – and shoals of Italian dealers, outbidding their London and New York rivals, jostled with each other to snap up bargains.

At The Art Show (showcase of the Art Dealers' Association of America) this time last year, Colnaghi, Rosenberg and Stiebel, Otto Naumann and other dealers exhibited some very serious pictures, while the International Antique Dealers' Show in October re-christened itself the International Fine Art and Antique Dealers' Sbnw. This was intended to stress that there was to be a stronger emphasis on paintings: the fabulous Bellotto exhibited at the show by Bruno Meissner was evidence that the new title was justified fully.

A certain optimism prevailed, therefore, when it came to last month's Old Master sales in New York. Alas, results proved disappointing. At Christie's, 40 per cent nf the 176 lots on offer were buugbt in; and at Sothehy's, wbere quantity (almost 300 lots) was the order of the day, 36 per cent of the paintings remained on the block.

The high point at Sotheby's was a late-15th century portrait of the Flemisb composer Jacob Obrecht. This was catalogued as "School of Bruges" (although the catalogue pointed out it could be by Memlinc) and its pre-sale estimate was *$400,000-600,000*. There was some surprise when the hammer came down at $2.4m. The purchaser turned out to be the wealthy Kimbell museum in Fort Worth, Texas – an institution which appears more regularly in the New York salerooms as vendor than purchaser.

In the same Sotheby's sale, a Dutch 17th century still life by Jan Davidsz de Heem went well above its estimate of $350,000-450,000 to reach $1.5m; and an early-16th century Netherlandish crucifixion (by Jacob van Amsterdam) went for $607,000 (estimated $250,000-350,000). These results, bowever, represented the good news. The bad was that published pictures by Isenbrant, Breughal, van Goyen, Flinck, Gentileschi, Guardi, Vernet and others – all with high estimates – failed to sell.

Apart from the usual sprinkling of American museums, the principal vendor at Christie's Old Master sale was a Neapolitan medical doctor, Carlo Corce, who lives in Philadelphia. His collection of about 60 Italian baroque pictures seemed to have been assembled fairly recently, and most were bought on tha open market in New York and in London. Although the catalogue covered the collection in a cloak of scholarship, this turned out to be s shroud and quantities of the pictures were bought in. Those that did sell just scraped above the low end of the pre-sale estimate. As there was hardly a really good picture among the group, their rejection by the market was heartening.

Sales of Old Master drawings the same week – traditionally a much stronger market in New York – fared much better. Although neither auctinn house managed to sell more than 75 per cent of the total lots on offer, the items left on the block were, with one or two exceptions, very minor.

Among the top prices for the day at Sotheby's were three separate sheets by Guercinn (which descended from the artist's heirs), while a finished Guardi rendering of the Grand Canal also did well ($77,000). Christie's had success with *Fragonard* when a wash and chalk view of a garden with figures went for $343,500 (estimata $150,000-200,000). Other French drawings in this sale, notably by Greuze, also brought strong prices, with American private collectors active in the bidding.

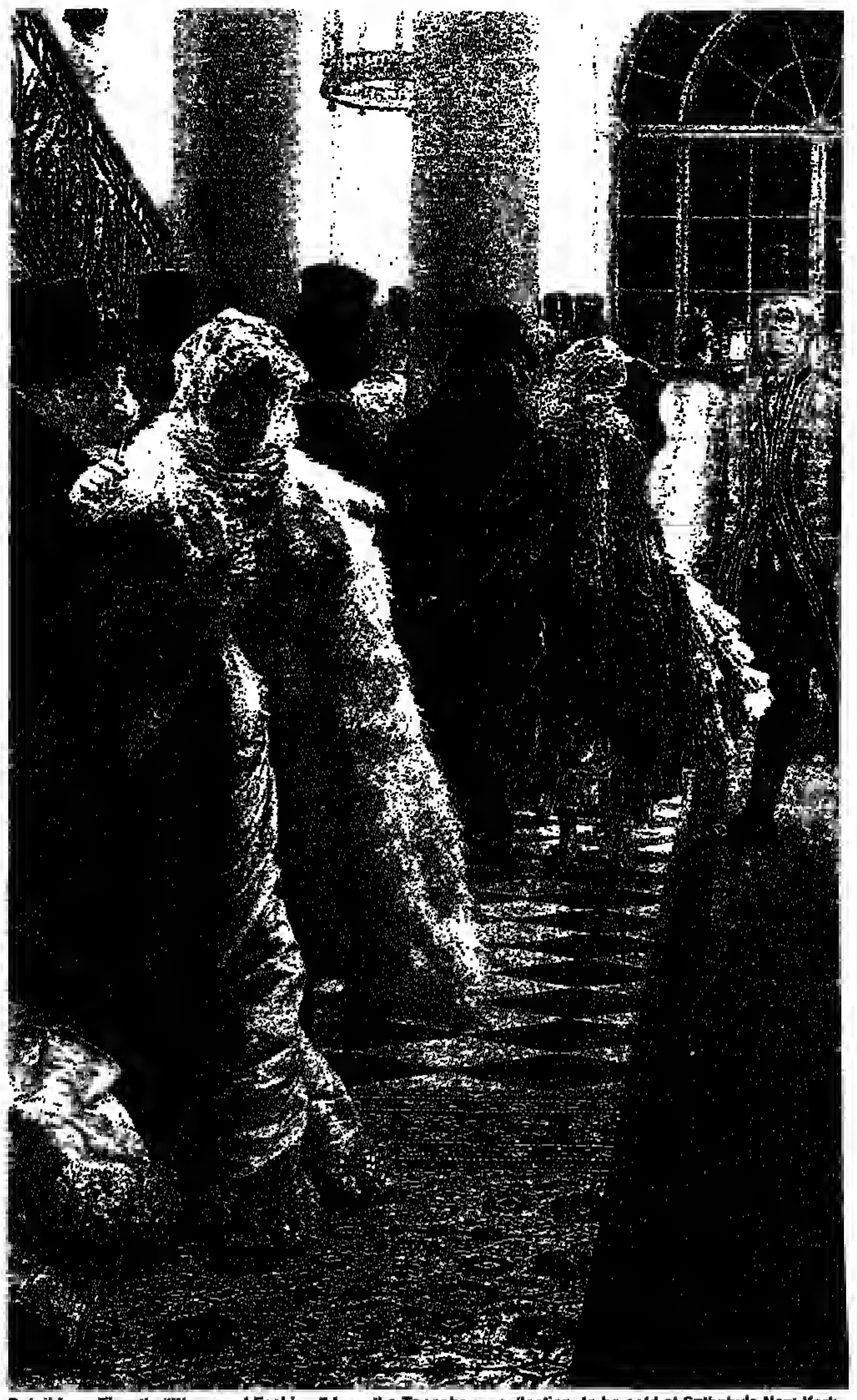
The next burdle for the New Ynrk market is 19tb century European paintings: the big sales are at Sotheby's on February 17 and Christie's the following day. The steamy nudes of Bouguereau were among the first pictures in this area to attract attention early in the 1980s – wben prices began to soar above the $1m mark – hut they were soon followed into the limelight by the works of painters like Tissot, Alfred Stevens, Gerome, Jean Beraud and, occasionally, the English artists Albert Moore, Lord Leigbton and Alma Tadema.

As in other areas of collecting, the mood of late has been more cautious when it comes to these Salon pictures – which at least have the merit of being well-made and entertaining – and prices have dipped accordingly. In the coming auctions, Christie's is hoping for the best with Bouguereau and Tissot; hut an indication of the present state of affairs is that all of the works by these artists included in the sale (three by Bouguereau, two by Tissot) were bought hy their vendors in the past decade. Only nne, a saucy Tissot nf a woman singing in church, went through the saleroom (rather than the trade) when lt fetched $t65,000 in t987: *it is now estimated* at *$300,000-500,000*.

Gerome, whose record is above $2m, is nowhere to be found in Christie's sale hut a painting by his contemporary, Cabanel, of Cleopatra practicing poisoning is the next best thing. It is estimated at $500,000-700,000. Meanwhile, Sotheby's is auctioning four major works by Tissot from the well-known Toronto collection nf Joey and Toby Tannenbaum. All were bought in the 1970s and each carries an estimate of about $1.5m.

The effect nf the new 15 per cent bnyer's premium at both Sotheby's and Christie's might not yet have registered witb cnllectors wbn, latterly, have favoured auctions above dealers when it comes to buying. But it is very unlikely to go unnoticed and is almost certain to act as a deterrent fairly soon. From this point of view, tbe fiftb annual Art Show (February 25-March t) in New York – more than 60 dealers showing paintings, drawings, prints, sculpture and pbotography - will be monitored closely.

While the variety of works on offer always appears bewilderingly wide-ranging – this year, a 16th century Italian Madonna and Child at Richard Feigen; Matisse and Warhol elsewhere; and video installations at Carl Solway's booth - the sbow has an excitement of its own. Joining the fray this time round will be Agnew's with s display of (what else?) Old Masters. There could be no furtber confirmation that all has changed with the New York art market.



Detail from Tissot's "Woman of Fashion," from the Tanenbaum collection, to be sold at Sotheby's New York

# Sick patient stirs into life

*The statistics seem to confirm that the worst is over in the UK art market, says* ***Antony Thorncroft***

THE BRITISH art market is showing the first tentative signs of recovery. The two specialist fairs of late January – Art 93, the leading, if not the only, national showcase for contemporary art; and the World of Watercolours – both provided some encouragement.

Art 93 had its highest attendance ever, with more than 21,000 people trekking up to Islington, north London, and those dealers that exhibited works that were priced reasonably – £5,000 seemed to be the buying barrier – did well.

Anthony Hepworth of Bath made 46 sales, including works by Roger Hilton and Keith Vaughan, and brought in more than £40,000. Another Bath gallery, Cleveland Bridge, sold "Still Life - Fish" by Mark Gertler for around £20,000.

The highest price paid was the £26,500 at the Anneley Juda stand in the opening minutes for an Anthony Caro sculpture.

Nicola Hicks, John Bellany, Ken Howard, Peter Howson, Harry Holland – these were the artists in favour, familiar British names working in figurative or colourfully abstract fields.

The jokey sculptures of David Mach also found buyers, including two works (from the limited edition of 1t) of his scaled-down version of even larger-than-life sumo wrestlers lifting a container; these sold for £5,500 each.

Helped by the overflow from the Royal Academy's major exhibition of English watercolours, the World of Watercolours attracted 10,000 visitors, a slight increase on 1992, and 850 works were sold, a rise of 50 on a year ago.

Abbott & Holder disposed of 62 pictures and Christopher Wood had his best fair ever, selling a George Apperley self-portrait for around £25,000 to a private English collector.

Although the srt market has been optimistic about a revival for more than a year now, it does seem that business has picked up slightly in the past few months.

Furniture, which is practical, never suffered as badly as pictures, which are only decorative; and fields with committed collectors, like ceramics and Old Master drawings, survived quite well.

The weakest area has been 20th century art, as a recent survey by the British Antiques Dealers' Association confirms. This found that two-thirds of the dealers quizzed saw sales fall in 199t-92, but only slightly: their collective turnover was just £40m lower, at £430m.

The statistics seem to confirm that the worst is over. Art consultants Poensgen Sokolow suggest that international auction turnover in paintings, drawings and watercolours fell by 20 per cent last year, to £503m.

This compares well with the 65 per cent decline in turnover between 1990 and 1991. They expect the market will bottom out this year.

Those dealers that got out and started marketing themselves, either by attending more faira or opening tbeir shops st flexible times, are reaping the benefit.

Spink has taken advantage of the undoubted revival in the American economy, and American art buying, and returned from the winter antiques show in New Ynrk this week with six sales in the $30,000-50,000 range.

Leslie Waddington has planned a hectic schedule of international fairs this year, and did $2m worth of business in Miami last month.

Like other top contemporary dealers, who sell mainly to non-British clients, the devaluation of sterling has provided a great boost. After the successful Cork Street weekend in November, most of the dealers in this high street of the art world are planning to stay open on Saturday afternoons.

The main auction houses, Sotheby's and Christie's, are locked in a mid-winter hibernation which seems to get longer every year. Sellers have become street-wise and want to commit their works to the major auctions in the big selling months, which means that the really good stuff does not come under the hammer until late March.

Christie's is, however, encouraged by the fact that sales of lots at its South Kensington offshoot, which concentrates on collectables, are running at 90 per cent so far this year, a rise of 5 per cent on 1992, while Sotheby's two 1993 sales – the contents of Robert Maxwell's Headington home, and of marine pictures – both exceeded estimate.

It would have been surprising if the sale of the late tycoon's belongings, and one devoted to a popular collecting market, had failed – but at least they suggested that the increased charge to buyers (another 5 per cent on the hammer price, to 15 per cent) was not going to cause a boycott by bidders.

The revival of American buying could have a quick impact on the UK trade. Americans account for almost half the sales of the top London dealers, and the prices paid at Christie's in New York last weekend for English furniture must have brought a smile to the face of many a dealer in the Fulham Road or the Cotswolds.

For instance, a pair of William and Mary oak bookcases sold for $385,000 (£258,000) compared with $90,000 top estimate; while a set of 12 George II mahogany dining chairs, estimated at up to $10,000, were bought by a New York dealer for $46,200 (£31,000).

But there are still traps to be avoided if 1993 is to stabilise the market and achieve modest growth. The financial losses at Lloyds have dealt a major blow to many dealers who could bank on some of the Names converting their bonuses into pictures or furniture.

Agnew's hopes that the quality of the work on offer at its 120th watercolour exhibition (which opens on March 8) will make good any absence of regular Names. It includes nine works by Samuel Palmer, the largest group to arrive on the market in 25 years, as well as good watercolours by Turner, Gainsborough and Lear.

The loss of the Names is a minor matter compared with the dangers from European Community legislation.

So far, the British government has warded off the imposition of 5 per cent VAT on works of art coming from non-EC sources into the UK (these account for £700m, or 50 per cent of all art imports, each year); but there is another meeting on the matter in the middle of this month, and this threat to the UK's status as the great unfettered market for buying and selling art is still very potent.

In addition, the government has made no progress in changing the ludicrous situation in which contemporary artists in the UK must pay 17.5 per cent VAT on their works while artists in France pay 5 per cent. Unless this anomaly is corrected, dealers like Leslie Waddington will be tempted to move to Paris.

The market is still weak and convalescent. The auction houses are advising sellers to keep reserves low and dealers will usually offer good discounts to make s sale. But sentiment is improving.

This month, the Original Print Fair, at the Royal Academy from February 25, should confirm that a connoisseur market can ride out the recession. Then, in March, the big and glitzy gathering at the Maastricht fair in Holland should confirm the improvement in the international art world – or cast everyone back into misery.

As they say in Europe

# Why we are what we eat

*James Morgan reports on a vexing question of taxonomy*

"THE QUESTION you were trying to deal with is ooe of taxonomy," said a colleague the other day. Now, I had thought that taxonomy was a cross between fiscal policy and getting stuffed. An *FT* editorial might say: "The beleaguered chancellor of the exchequer faces oumerous problems of taxonomy." However, readers will know that it is mainly, but not exclusively, the biological scieoce of classification, of getting the categories right.

The comment that led to my discovery was the result of my casual musings of a mooth ago on the destructioo of English traditions. I took as an example the plastic pub with bars named after televisioo series where "villagers" (mostly from London) would eat Indian food assembled in Huddersfield and reheated hy synthetic methods. (The taxonomic aspect is to be seeo in the overlapping of once entirely separate categories.)

I now find that in Germany the same process is at work: traces of authenticity are being systematically uprooted in what the headline in *Die Zeit* called "*Multikulti-Küche*." Multicultural cuisine has arrived. Ulrich Stock recounted the pleasures of a Hamburg Greek restaurant staffed entirely by Tamils; an Indian cook at an Italian restaurant gave his specialities a curry flavour.

The best tale was of "another Italian" where pasta was certainly advertised, hut the owner, speaking no European language, gesticulated his disapproval. He pointed instead to a dish oo an Arabic menu which the customer then coosumed in total ignorance of what it was, because the waiter was unable to communicate the relevant information. Stock thought he might in future go to a typical German restaurant to sit between Scandinavians and Americans and eat tinned cabbage.

The divisioo between northern and southern Europe is based oo consumer categories, mainly food. In Latin countries you can scour the typical country towo and find the occasional McDonald's and Pizza Hut but no tandoori restaurant or Chinese takeaway. When the French go out to eat they eat Freoch food, the Italians eat Italian and the Spanish, Spanish.

Not only that, regional specialities still hold sway, however foul. I once sweated on the banks of the Dordogne as the mercury touched 40°C and watched a heavily-clad workman eat a *mique*, a kind of gigantic dumpling stuffed with pig's liver. That would be washed down with half a litre of wine. In the evening the fellow would stumble home to a plateful of cassoulet swamped in goose fat and perhaps pick at a bit of pâté de foie before sleeping a full eight hours. No wonder the burger chains find this region hard to conquer.

In local supermarkets ooe cannot find those special, healthy, easy-to-prepare foods that supposedly originate from remote regions of the sub-continent and the jungles of south-east Asia. Indeed, so un-enterprising are these companies that even in areas infested by the British you cannot pick up a deceot piece of cheddar cheese. In Italy it is no use going to a Tuscan store hoping to find even a Friuli wine. So limited are the clothes shops of Perigueux and Arezzo that they offer garments made only in France and Italy.

I scour the newspapers of these countries and fail to find the food and wine pages that make the British papers such a joy. But then it just would not work. Imagioe reading in *El Heraldo de Vizcaya*: "The barbecued *besugo* at Jose's bodega is really excellent, matching as it does the exciting flock wallpaper. My lunch partner washed her paella down with the spicy white rioja that tops the wine list." The oext week only the name of the restaurant would change.

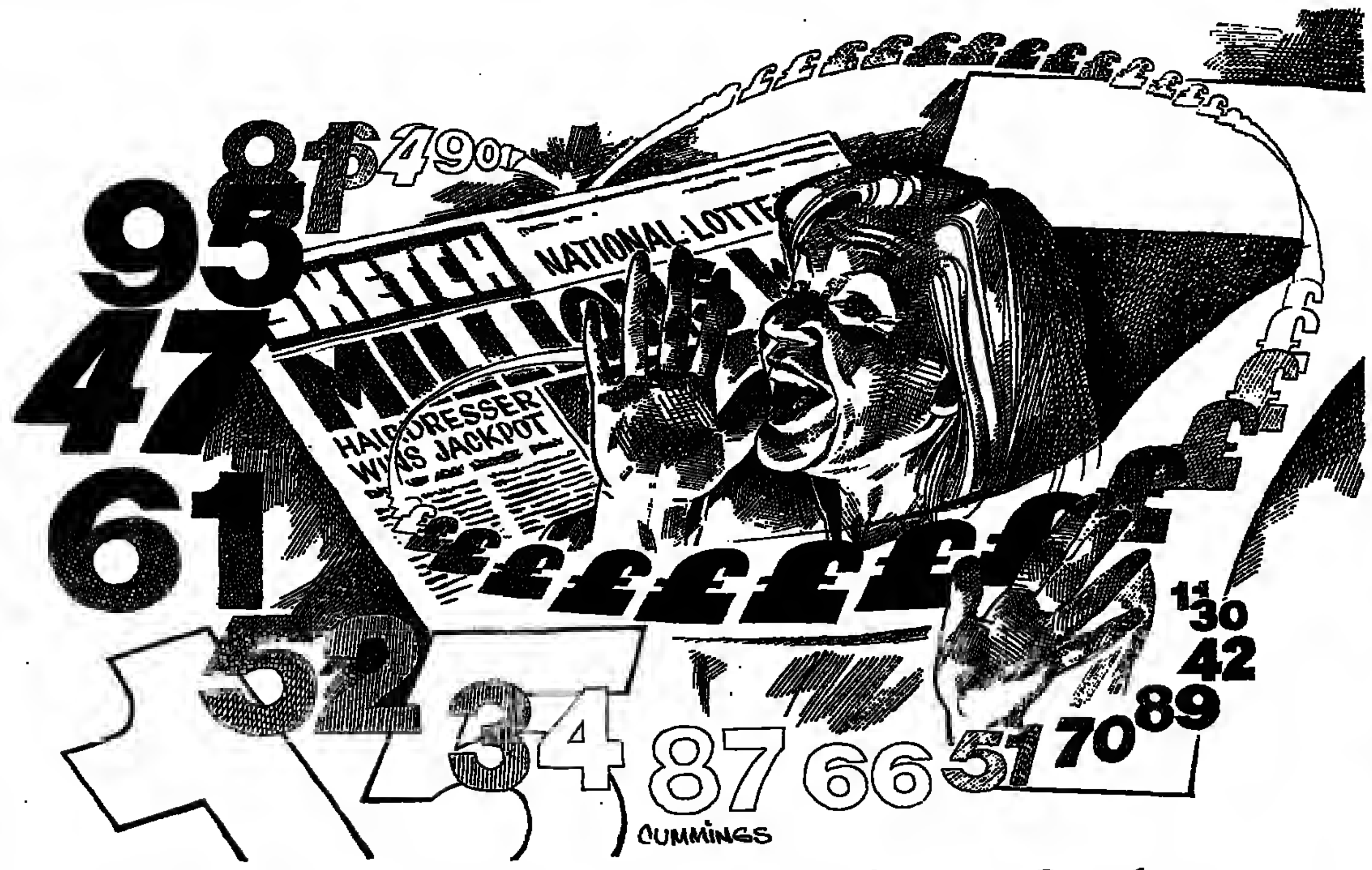
So it seems that the erosion of ancient categories is primarily a northern and Anglo-Saxon phenomenon. In this world of fluid identities it is no wonder that many try to construct new categories into which they can fit and thereby assert themselves; the need for recognition in a world in taxonomic crisis becomes ao overriding demand.

Thus President William Clinton, commander-in-chief of the armed forces of the US, is compelled by political pressures to seek an increase in the number of avowed homosexuals to throw into the fray. The Germans keep careful count of this same group in its forces – 13,000 at the last count, which should mean there are enough lesbians in the Luftwaffe to form their own squadron.

In Britain it is now possible to pay £650 to choose the sex of ooe's child. Eveo now there is a couple investing such a sum to secure a male heir, unaware that in 20 years the said offspring will undergo a sex change operation in order to become a woman priest in the Church of England. Will the parents sue the child or the child the parents? If ever the world cried out for a taxonomic genius it is now.

■ *James Morgan is economics correspondent of the BBC World Service.*

*"Britain's lottery is going to be huge. The biggest in the world," predicts Peter Gillooly from his office in Melbourne.*




# A head-on clash of the lucky number-crunchers

*As Britain gears up for a national lottery, Keith Wheatley meets two Australians who aim to profit*

GILLOOLY heads Tattersalls, the world's biggest private operator of public lotteries. "Tatts," as every Australian knows it, has already had an advance team in the UK sniffing out the possibilities of an operator's liceoce. The second reading of the parliamentary bill setting up the lottery has only increased his interest.

"The only other thing you can be certain of is that every schemer in the world will have plans to crack it. They'll be selling software, syndicated investment plans – everything you can think of."

In an adjacent suburb, barely 10 minutes distant on one of Melbourne's charming trams, Stefan Mandel sits in an equally palatial office. Among other business activities he describes himself as a lottery "iovestor". A year ago his team won the US$27m (£17.8m) jackpot in the Virginia State Lottery after spending about US$6m on tickets. This is oot hearsay. America's taxman took Mandel to court (unsuccessfully), hoping to garner 30 per cent of the prize.

"I don't predict at preseot that we will be investing in the British lottery," says Mandel, somewhat airily. The prizes will not be big enough to justify the risk. However, he does admit that his team has been invited to do a little "consulting" on the forthcoming British operation for parties he is unwilling to name.

On the Australian lotteries sceoe, Gillooly and Mandel have become Punch & Judy, each man a oemesis for the other, Stefan Mandel and his team are oow precluded hy state law from placing "hlock" and "syndicate" eotries anywhere in Victoria. Tattersalls oeeded legislation to protect itself from this self-styled numbers genius who fled his native Romania in 1964 oo the proceeds (then equivalent to 100 months' average salary) of a national lottery.

Throughout the 1980s Mandel staged hetting coups against the various state lotteries in Australia. So far he has documentary proof that his teams have won or shared in 14 first prizes. There is oo attempt to manipulate the result, simply to wait for a situation where an accumulating jackpot has reached the size where it will repay the formidable logistical effort of buying tickets to cover every possible combinatioo of oumbers.

Although these winnings look like a just reward for formidable hard work, authorities the world over make Mandel and his legmeo unwelcome. "We believe the game is for the man in the street. What you're really selling is hope. These syndicates destroy the game, eat into the pleasure of believing you can win," says Gillooly. His private remarks on the subject of Mandel are unprintable.

"It's an unwritten law of lotteries that you've got to protect the innocent. Since Adam was a boy these people have come ont into the market place with their get-rich-quick schemes. We've made a heap of material available to the authorities in London and they have a real chance to avoid some of the eveots that can destroy the credibility of a game."

Mandel is still unwilling to explain the exact details of how his syndicate pulled off the Virginia win – since be hopes to repeat it elsewhere in the world – but the hroad picture is known. Two coordinators worked with a team of 35 couriers from three rented offices in Norfolk, Virginia. A firm of accountants was hired to oversee the process.

Armed with scores of certified cheques for US$10,000 the couriers tried to huy – in the three days before the lottery closed – op to 1.4m tickets from over 60 shops so that all 7,059,052 winning combinations were covered. Lottery organisers said that Mandel's team managed 5m combinations.

Like most big-mooey lotteries in the organised world, in Virginia punters choose combinations of six two-digit numbers. Tattersalls operates Lotto this way, and the British scheme is likely to be aimilar. So, unlike the raffle at the church fête, there may be not one single winning ticket hut several or many.

This led Mandel to deny his involvement in the days immediately after the hig win. "I had to keep quiet," said Mandel, who was subsequently investigated by both the FBI and the American Secret Service as well as the revenne service. "People's lives depended oo secrecy. We had winning tickets worth $27m to the bearer and we were very concerned about being robbed."

Tell this bearded sophisticate from Transylvania that Tattersalls portrays him as some sort of moral rohber baron and he becomes highly agitated. "Those people have no more husiness runniog a lottery than I have to be Pope," he says. "Lotto is voluntary taxation, and a huge industry. Let us not pretend anything else about it."

Squabbling aside, the figures that Gillooly provides for the Tattersalls operation are impressive. It is the fourth higgest provider of funds to the state of Victoria, with A$330m passing to tbe state government last year in taxes and share of profit.

Each week about 52 per cent of the population buy a ticket. Gillooly usually huys one oo his way home. "It's primarily a hlue-collar audience but wldening all the time. Making it easy to buy tickets is the key."

In Australia, Lotto tickets are bought at special electronic terminals installed at oewsagents and corner shops – exactly the kind of 8-till-late stores becoming so common in Britain. Terminals are linked to the central Tattersalls computer by a dedicated landline. It gives the company a secure data network stretching huge distances, the equivaleot of Glasgow to Palermo.

Electronic security is going to be crucial in a European environment full of hright technocrats, believes Gillooly – at least as important as barring syndicate buyers such as Mandel.

"A few years ago we became worried about this aspect," he recalls. "We gave some money and equipmeot to graduate computer students at the University of Melbourna and asked them to crack our system. They hacked into damn near everything else, including the foreign exchange dealings of one of the major banks, and caused troohle that's still crashing around – but they didn't get into Lotto. The key is to allow no modem access to the main computer and no packet switching, or line sharing."

Asked how he thought Britain's football pools promoters, already twitchy about the coming UK lottery, would fare, Gillooly was downbeat. "We've had Vernons running pools against us here for the past 20 years; in fact they've just given up and handed in their licences."

Football pools are a traditional product that will always have a market in a society like Britain, he reckoned. But in terms of ease of play, accessability and understandibility, he claimed that the Liverpool pools giants were still "in the quill pen era", their cries of mass uncmploymeot if the pools were to suffer competition spurious.

"You'll be amazed when yon see how much employment the start of Lotto in Britaio creates," said Gillooly. "The terminals have to be huilt, installed, serviced and I'd expect to see a network of thousands. The printing alone each week is a huge item."

That Britain's lottery is going to be large beyood belief must be the first item that Mandel and Gillooly have agreed on in a decade.





Gardening/Robin Lane Fox

# Not so scary seeds

WHY ARE ao many gardeners still scared of sowing seeds? I know they are scared because when I am showing a visitor a plant, they put up their defences as sooo as they are told that it grows like a weed from seed. "I like your Erodium daucoides" means "Can I have a chunk of it to put in the car boot?" And "Have a seed pod" means "I dare you."

These fears are ahsurd because many seeds germinate with childish ease. People are scared, wrongly, hy the more difficult varieties. And anyone who is gardening abroad ought to hless the explosion of varieties in some of the best seed lists: there is much less of an excusa nowadays for people who complain that they are *denied a wide range of plants* grown in Britain because they garden outside the country.

My favourites raoge from hulbs to border plants through annuals and spreading things for pots. From Scotland to the east Mediterranean, the oext fortnight is the moment to place an order among the unknown.

Each year, my mind's eye fastens oo ooe particular image in the darkness of Janoary. This year, once again, it starts with a haze of white cosmos daisies. It is no use saying they are too much of a bother, for they are absurdly easy to raise. I am not fond of the usual purple forms – in my garden, cosmos is white only. Seedsmen now offer two varieties: the older Purity and the newer Sonata. Purity is taller, larger-flowered, much more impressive – and cheaper.

White cosmos does not need to be sown until late March but immediate sowing is oeeded for two of my other front-runners. If you start seeds of the electric-blua salvia patens under heat within the next fortnight, the plants will grow on to be potted individually, planted out late in May, and trusted for their stems of brilliant hlue flowers whan the rest of the garden starts to look exhausted. Plants of this half hardy perennial will turn up at £2 each on plant stalls early in summer – one reason why a packet or two of seed from Thompson and Morgan of London Road, Ipswich, are one of the year's better gambles.

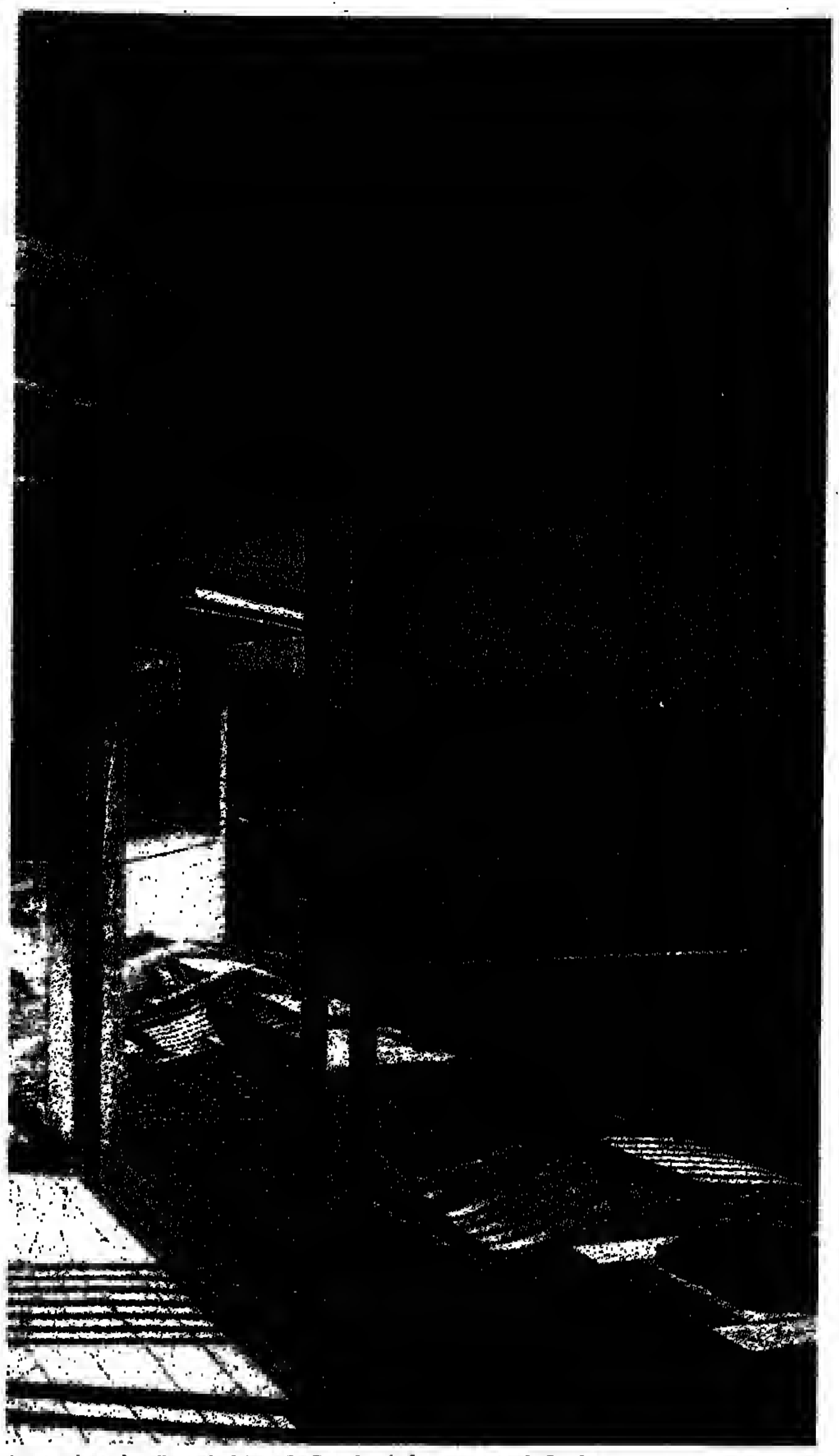
The other star turns require yoo to transfer to the rising star among British seed catslogues, the list from Chiltern Seeds, *Bortree Stile, Ulverston*, Cumhria LA12. The servica includes shopping hy credit card, a 24-bour answering service, and a fax on 0229-54549: this amazing list is within anyone's easy reach world-wide.

Expats who are losing their home roots will be astonished at how much more is available now. All of us might like to try a new hyhrid from Japan, lilium formosan Snow Trumpet. Usually, this white lily would flower in a scramble if sown early during its first year, hot Soow Trumpet is much quicker, more vigorous and oeed not be sown until February. It is pretty reliable and produces big, white, trumpet-sbaped flowers from August onwards. Seed is £1.70 a packet, hut it germinates easily in heat indoors (and I need hardly remind you what an individual hulh would cost).

Up among the perennials, you have a cheap chance of two of my lesser-known favourites: apricot foxgloves (Thompson and Morgan's are the best) or the tall, thin, late-flowering verbena bonariensis. Much less usual are tha whita-flowered gillenia and the small, sky-blue adenophora tashiroi. Chiltern sells seeds of both – the easiest method of propagation.

The adenophora looks like a small bell flower with stems about 1¼ft high, but I decided that it had soch charm last summer that I have majored oo it in a sunny corner. Few nurseries stock it and most books exaggerate its preference for shade. While the gillenia is not cheap as a pot-grown plant, it is even easier to raise from seed. It has delicacy, strong colouring and a willingness to *grow in semi-shade. If I could* take only one white-flowered perennial from late June, this wildflower from North America would be my choice. It is as tough as nails, about 2ft high and, at £1.15 a packet, it ought to giva you at least a dozen plants for less than the price of a single one off a stall.

PROPERTY


Rooms with a view: the outlook from the Domaine de Sperone estate in Corsica

# Where white is wrong

***Audrey Powell looks at Mediterranean developments that blend into the environment***

THE PICTURE of the Mediterranean leisure estate is changing. Fewer stark-white colonies of second homes are appearing on coastlines and a look at the latest developments on two Mediterranean islands, the French Corsica and the Spanish Majorca, is instructive.

On Corsica, you find timber homes merging into the *maquis* – the scented, grey-green undergrowth that covers much of the island – but designs are sophisticated and the wood well-crafted. On Majorca, deep shades of ochre take the place of the dazzling white walls now out of favour environmentally.

Unusual shapes take over from the "boxes" of the past. And standard designs are altering, with larger properties being included to accommodate European families whose different generations like to holiday together. Another change is that the British no longer predominate as buyers – often, it is the Germans.

The Domaine de Sperone is a rare new development on Corsica. It is a 350-acre private estate on the southern tip of the island where all properties are clad in Canadian red cedar and stone to blend with the rugged moorland. There is an 18-hole Robert Trent Jones golf course (to which a further nine holes may be added) and a sizeable clubhouse with restaurant and bar.

Work is concentrating on Le Hameau de Piantarella, the village that will be the centre of the estate. It will have 80 apartments and 11 villas. The apartments, in low blocks, range from studios to five-room duplexes and are priced between £150,000 and £400,000. About half will be ready for occupation this spring and will have communal swimming pools.

The villas, from £320,000 to £450,000, will have up to five rooms, linked gardens and private pools. Interiors are light and spacious, with high ceilings of exposed timber. Floors may be of wood or tiles (but not the chilling marble of many Mediterranean holiday homes).

With ownership comes a share in the Golf de Sperone company and membership of the club. And from the hilltop site of the village, there are views down to the beach and sea and across to neighbouring islands; Sardinia, eight miles distant, is visible on clear days. When the village is finished, there may be a few large individual houses available above a lake. The properties will offer possibilities for renting, too. Jacques Dewez – who heads the Paris-based developer, the Societe Anonyme du Domaine de Sperone – says: "We have a strong demand for this."


Majorca: a nine-bedroomed villa with swimming pool overlooking the sea at Puerto d'Andraitx. It is on the market for £3m with Hamptons

Below the village, a 105-bedroom, four-star hotel with a sea-water therapy centre is being built. Tennis and windsurfing are available and there is unlimited walking in the *maquis*, while an hour's drive takes keener walkers into the mountains. For the less adventurous, the little tourist port of Bonifacio, with its cliff-top walled town, is only 10 minutes away.

While the estate is geared to all-round sportsmen, sailing will be the attraction for many residents. Bonifacio harbour has 300 deep-water moorings and there will be facilities for small boats at Sperone.

Those with homes at Sperone already include two French government ministers; an assortment of French bankers, company chairmen and people in advertising; a number of Italians; and a few British. Their properties range from broad-leaved, shingle-roofed, low colonial styles with wide terraces to tall, rectangular buildings that seem to owe more to commercial than residential design. With land, pools and other amenities, they will have cost their owners between £500,000 and £1.5m.

Dewez, who has a Russian wife and a son who breeds horses in Wales, is a former pilot who created an international charter company. When this was bought out by Air France, he moved into property development.

In the south-west corner of Majorca, meanwhile, a partly pine-clad 3,000-acre estate, Santa Ponsa Nova, is being developed for leisure with a strong emphasis on integrating architecture with landscape. It is being promoted by IMISA, a subsidiary of Banco de Credito Balear.

There are two 18-hole golf courses, with others planned; three marinas, with another to be built; a 21-court international tennis centre; a riding centre, and hotels. Work begins shortly on a beach club and flats.

Two housing developments at Santa Ponsa Nova are offering property on the British market. They make strong claims for harmony with the environment, although they approach this in contrasting ways. One is Los Pampanos (young vine branches), 15 minutes from Palma, Majorca's principal town.

The first phase will comprise 57 apartments in 10 blocks and the first should be completed by May. It has two-bedroom, two-bathroom apartments from £158,300 with larger types from £213,800. Interiors are equipped expensively. The properties have broad, room-like terraces, sometimes L-shaped, looking across to the sea and some have roof-top pools. All come with a family golf share.

While interiors follow today's up-market pattern, Spanish architect Melvin Villarroel has allowed his interest in garden architecture a free hand with the outer scene. All buildings are to be the same terracotta colour: he believes surrounding greenery will give sufficient variation. And his pitched roofs are of different heights.

Efforts are made with plastering to avoid sharp angles and even soften the straight lines of outer walls, while balconies and terraces are of differing shapes; some walls look as though buttressed. The blocks will be set around swimming pool areas, with fountains and pathways, and hundreds of palms are being brought in to create a sub-tropical setting.

There will also be a few four-bedroom villas, from £498,800. In total, there may be 180 properties on the 25-acre site, but the developer is playing it by ear and will keep step with demand. So far, most purchasers have been German, followed by the Swedish, Spanish and British.

The development partnership comprises IMISA, a German bank and construction company, and the architect.

Still at Santa Ponsa Nova, Las Abubillas is a development of more conventional style, although even this estate has abandoned dazzling white walls for shades of ochre and cream. Detached villas with tiled roofs echo the typical Spanish holiday home. The properties have one or two storeys with two to five bedrooms.

They are in low-walled gardens with terraces, pergolas, sometimes plunge pools – all the trimmings for summer living – plus salons with fireplaces for winter evenings. Each has a parking space in its garden and there is a communal pool, while a village street winds through the estate. Prices range from £220,000 to £280,000.

Las Abubillas takes its name from the hoopoes that fly around the golf course it overlooks. Eventually, there may be 116 homes on its 17 acres. And typical of the mingling nationalities involved in Mediterranean leisure homes, the developer here is a British company, Ryde Properties, while the designer is the Russian-born Pedro Otzoup.

■ For more information on Sperone tel: Paris 45 62 16 46 or London 071-244-7828; Los Pampanos – Majorca 69 31 20 or London 071-581-9440; Las Abubillas – Majorca 69 41 77 or Hamptons, London, 071-493-8222.

TRAVEL

# Gulliver meets an Asian goddess

**David Pilling visits Khatmandu and learns about the rigorous process of selecting a Kumari, a child worshipped as a living goddess by the Nepalese**

TAKE nne three-year-old girl with the eyelashes of a cow and a neck like a conch shell. Lead her into a darkened room filled with freshly-severed huffalo heads. If she remains calm, you may have a goddess on your hands.

The selection process for the Kumari – a prepubescent girl worshipped in Nepal as a living goddess – is a rigorous affair. Girls must be born into the goldsmith caste and display 32 characteristics including spiralling lines on the soles of the feet; long and well-formed toes; cheeks like a lion; small and well-recessed sexual organs, and a body shaped like a banyan tree.

Any child so anatomically hlessed, one might imagine, would automatically win the right to be worshipped. Not at all. The contestants are then put through a trial of bravery, their nerve tested at the dead of night with hloody animal heads and men in demon masks.

The victorious girl, untroubled by such foolish pranks, must then have her horoscope scrutinised. Assuming that her astral inheritance does not clash with that of the king, she is proclaimed a living goddess and taken to a house in Khatmandn to live out her prepubescent years.

I set off one afternoon in search of this diminutive deity. Flagging down a cycle rickshaw in Thamel, the part of Khatmandu favoured by budget travellers, I asked the boyish cyclist to pedal me to the Kumari's palace.

As we creaked and sloshed through the narrow, medieval streets of old Khatmandu, hot drops of monsoon rain slid from the heavy air. The rickshaw driver struggled to maintain speed and a patch of perspiration spread steadily across his back.

Old Khatmandu is like a large city shoehorned into a confined space where tumhledown hrick buildings, as well as people, seem to jostle for position. Houses, temples and roads have a hunched, hundled, slightly distorted appearance as though reflected in the hack of a spoon. As I rattled hy, I felt positively Gulliverian, thrust into an Asian Lillipnt.

The toy-town feel is exacerbated by Khatmandu's architecture, which features intricately-carved wooden balconies, gilded roofs, cascading multi-tiered pagodas, Buddhist stupas like inverted ice-cream cones, and doll-house sbops crammed with sacks of spices, household goods and religious paraphernalia.

We progressed through the warren-like streets, forcing a swathe through the press of people. Many wece carrying black umbrellas which they whisked from our path as the rickshaw rattled hy. Eventually we clattered to a halt near the Kumari's palace. I settled my fare with a dog-eared note and approached the home of the living goddess.

The imposing gate at the palace threshold was flanked by two shoulder-high stone lions, painted in primary colours. Just inside was a small anteroom where a watchman lay asleep in a dusty alcove. Passing into the 18th century courtyard, I looked up at the decaying copper-coloured brickwork and the dark wond of the ornate windnws. Behind one of these carved marvels, the living goddess was now hidden.

The Kumari's life is not that of a regular child. Once taken into the palace she does not emerge again, save for the odd religious festival, until she becomes "impure" – either at menstruation, or after bleeding heavily from the loss of a tooth.

On the rare occasions she leaves the palace, the little goddess's feet must not touch the ground for fear of pollution, a stipulation that obliges her to walk on cloth or be carried in a wooden chariot.

The Kumari's daily routine includes sitting patiently on a throne while she is worshipped by a stream of devotees, playing with her nurse's grandchildren, and appearing at her window for the benefit of tourists. Her appearances at the balcony must on no account be photographed.

Once a year the king comes to worship. The Kumari bestows upon him authority to rule the nation hy placing the red tika mark nn his forehead. On one occasion, a rather disobedient little goddess ignored the king and placed the tika instead on the amooth forehead of his son. The king, needless tn say, died within a faw months and power passed to the prince.

The goddess's most riotous time comes during the festival of Bhadra Kumari when thousands gather in the square outside her house. Three huge chariots, one for her and two for her male attendants, wait outside. Bands play and masked dancers leap about.

As the king and queen appear nn a halcony opposite, the Kumari emerges decked from head to toe – not a great distance in a five-year-old – in fabulous jewellery. A goat is sacrificed on the yoke of her chariot which then moves off slowly through Khatmandu as guns fire and the king bows in respect.

The next day, the procession again trundles through the streets, pausing before a demon-like mask with white fangs and staring red eyes. Beer spews from the mask's mouth, arching into the crowd and precipitating a frenzied struggle for the holy liquid. The Kumari, too, partakes.

For one accustomed to being the centre of such grand events, puberty must come as quite a shock. On this day the young girl's godlike powers desert her and she must leave the palace forever, never again to be worshipped or revered.

From being a living deity whose every whim is answered, she is transformed overnight into a rather awkward teenager with few friends, a rudimentary education and next to no experience of the world beyond her palace walls.

Former Kumaris receive a state pension, but some ex-goddesses have had difficulty adapting to the daily sing. Many find it hard to secure a husband since a Kumari must overcome the widely held belief that any man who marries her is doomed to an early grave.

I was lost in thought – thinking how strange it was that a few hours in a jet plane had brought me to a country where such beliefs were common currency – when I suddenly became aware of movement at the balcony above. I looked up to see a young and slender woman with a small child in her arms. It took me a second to realise that this small child was the goddess herself.

Her tiny body was swathed in red silk and a red bow nestled in her hair. The goddess's face was painted extravagantly with coal-black make-up which curved from her piercing eyes to the tips of her ears.

Suddenly she was gone. As she was looking down on me – I was alone in the courtyard – she had begun to squirm impatiently, evidently on the verge of a tantrum. Her attendant had quickly whisked her away before she could begin to cry.

This little girl, who had looked upon bloodied buffalo heads with equanimity, had reacted to my face with rather less composure. I headed back to my hotel feeling all-too-mortal, avoiding mirrors all the way.

■David Pilling travelled c/o London-based Promotion Nepal (3 Wellington Terrace, Bayswater Rd, W2 4LW; tel: 071-229-3528) and local operator Temple Tiger. Nepal has three main attractions: Khatmandu for temples and culture; the monntains for trekking; and Chitwan national park for tigers. Promotion Nepal offers tours combining some or all of these elements. For example, the "Complete Picture" tour incorporates Khatmandu, the classic Annapurna sanctuary trek and a stay at Chitwan with white-water rafting and an elephant safari. This 21-day tour starts at £1,600. More modest trips begin at aronnd £1,000. Flights from the UK are with Royal Nepal Airlines which operates the only direct roue to Khatmandu, twice weekly from Gatwick.



Holidays & Travel on Pages XII, XIII XIV, XV

# Where the Buddha's image takes shape

*Justin Wintle discovers one man's Thai treasure trove*

IN Phitsanulok, a cross-roads town 375 kilometres north of Bangkok, on the periphery of the mighty Menam basin, I had the good fortune to meet Sergeant-Major Dr Thawi-Pim Buranakhet, owner of the Buranathai Buddha Image Foundry. This came about because I had the good sense to visit the Sgt-Major Dr Thawi-Pim Buranakhet Folklore Museum, on the opposite side of the Wisutkasat Road.

Sgt-Major Dr Thawi-Pim Buranakhet, one might say, is a man of many hats. He is also, given his many achievements and his status of national cultural treasure (human category), astonishingly modest.

The museum, opened in 1982, is an old(ish) wooden house with just half-a-dozen rooms, although the 4,000-piece collection will soon be transferred to a modern purpose-designed concrete job which Thawi-Pim is funding from his own pocket and which will be opened to the public free of charge.

It contains a wide variety of artefacts, including cooking utensils, clay pots, ceramics, handmade toys, simple weaving looms, puppets and, a little incongruously, an array of rusting phonographs. But the room Thawi-Pim takes most pride in is the room full of traps and snares, each designed for its specific prey and usually constructed out of bamboo.

There is a bamboo funnel for placing over snake-holes, which the snake cannot wriggle out of; a bamboo pot that cockroaches fall into, prior to being boiled, and a very nasty iron thing for putting paid to porcupines. There is also a simple anti-ant device to thread on the hanging strings of cooking pots.

How each of these contraptions works Thawi-Pim demonstrated with skill and measured glee. For some reason I was reminded of Q in the James Bond films, and his infernal instruments. The difference, though, lay not so much in the degree of ingenuity, which was controlled by the required task, but by the laboratory conditions in which Thawi-Pim's gadgets had been created, for they were all machines he had found in jungla villages.

He told me that the collection represents a lifetime's search for the homespun expedients that Thawi-Pim believes embody the spirit and creative heritage of Thailand's peasantry – a heritage evolved over many centuries and now threatened by the spread of mechanisation. It is his aim, he said, to save what can be preserved of forgotten ancestors.

Thawi-Pim was born into a poor family deep in the forests of Phitsanulok province. As a child, one of 12, he had to learn to hunt and forage. His farmer father, however, was also a painter, and from him Thawi-Pim acquired the rudiments of sculpture and drawing. When he joined the army, his commanding officer became aware of his talent and arranged for him to go to college.

That education was eventually put to use across the road. When Thawi-Pim quit the military he began a Buddha image-making factory, now the largest and probably most respected in Thailand. His inspiration was the great Chinnarat Buddha, at the Mahathat Temple in Phitsanolok, a hugely venerated, somewhat austere bronze statue cast in 1357. In 1984 Thawi-Pim was awarded an honorary PhD by the local university.

The foundry consists of a cluster of sheds in which the several stages of Buddha-making are carried out. With Thawi-Pim's help, I was inducted in the process. Each image is first modelled, under the Sgt-Major's supervision, in a dull maroon beeswax mixed with animal fats or coconut oil and tree resins. The model is then covered with a mixture of clay, sand and water to form the cast, and left to dry in the sun. Next, the encased image is oven-baked. After the re-usable wax has run out, the cast is left to cool before being fired in a kiln for 12 hours. It is now ready to be filled with molten bronze.

Again, the ensemble is left to cool before the cast is chipped off. But the resultant statuette is nowhere near finished. Instead, it must be laboriously filed down and sometimes beaten. It is at this stage that much of the fine ornamentation is added, either with a chisel or from pre-moulded parts – such as the flame of enlightenment that adorns the top of the Buddha's head.

Even so, the surfaces are not yet smooth enough. To achieve the desired finish, red and black lacquers are carefully painted on. Finally, the whole is dressed in gold-leaf. Only then is the image ready to be transported to a temple, where, in a ceremony that involves breaking lacquer seals added over the eyes, it will be blessed by saffron-robed monks.

Each image takes up to a month to complete. Depending on the state of its order books, Thawi-Pim's foundry, employing 25 skilled craftspeople, produces between 100 and 300 a month. The average size, costing $1,200, is around 2ft high, with a pyramidical base. The largest, made in two main segments, reaches 12ft, while the smallest, at 4ins, sits comfortably in the hand. They are commissioned or bought by temples and private individuals, although Thawi-Pim's most regular customer is the Fourth Army, stationed on the city's outskirts.

It is a technique that, in its essentials, has remained unchanged since the middle ages. The Chinnarat Buddha was created by the same process. To watch it in action is to discover how metallic ores found in rocks can become the objects of profound devotion – species-specific traps for the human mind.

Sergeant-Major Dr Thawi-Pim Buranakhet with unfinished Buddha image

Practical Traveller/**Michael Thompson-Noel**

# Crocodile awareness syndrome

FOUR years ago I spent a couple of days at Nkamba Bay Lodge, by the shore of Lake Tanganyika, within Zambia's Sumbu national park. I could have gone fishing. I *did* go for game walks, escorted by a guide, Olvitti Chasaya, and his supremely ancient rifle. What I did not attempt, because of the crocodiles, was to walk near the lake.

The reason I respect crocodiles is my awareness of the number of people grabbed in recent years by the fearsome estuarine saltwater crocodiles – "salties" – of northern Australia. Mainly, estuarine crocs range from southern China and the Malay archipelago to India and Sri Lanka, taking in Australia, New Guinea, the Philippines and the Solomons. In Papna New Guinea once I asked a tribal chief what to do if chased by a croc. "Jump in the river," he said brusquely. It is possible he was joking.

For a rundown on crocs, alligators and other animal (and insect) hazards when travelling in tropical parts, you need the latest edition of *The Tropical Traveller* by John Hatt (Penguin, £6.99).

The writer insists that you should never run from a wild cat. "Although terrifying, it is moch safer to face them. One acquaintance was charged by a tiger in Nepal. His guide rushed at the tiger, shouting and yelling. The tiger retreated." Other tips:

Buffalo and hippopotamus are far more dangerous than lions. On South Africa's Natal coast a cow hippo was once seen to plunge into the sea, seize a 300lb shark from the surf, haul it on to the beach and trample it to death.

Piranhas' ferocity, on the other hand, is moch exaggerated (says Hatt), though the red-bellied piranha, common in savanna ponds, can inflict terrible bites. It is likely that most piranha wounds are caused *out* of water. Landed piranhas (fishing boat or river bank) flop about and gnash their teeth.

Sharks: you are in greatest danger when near a wriggling fish, as spear-fishermen will confirm. Avoid night-time swimming: some of the most dangerous species, including the tiger shark, come into the shallows at night.

Good news about snakes: there are no dangerously venomous snakes in Ireland, Iceland, New Zealand, most of Polynesia and Micronesia, the Galapagos, the Canaries, Malta, the Orkneys, Shetlands, Madagascar and numerous other islands. A South African survey showed that 74 per cent of snakebites are inflicted below the knee, and 67 per cent below the ankle. Lesson: wear boots and thick trousers. The snake's fangs may penetrate the trousers, but the amount of venom delivered will be greatly redneed.

Dogs: again, do not run away. *Face* the *dog, look fierce and bend* down as if to pick op a stone. If the dog still threatens, throw a stone at the dog's (dogs') bead(s).

Dogs are not only a problem in undeveloped countries. In the US, more than 1m dog-bites a year require hospital attention.

Mosquitoes: about 1m people a year die of malaria, but mosquitoes also carry some 80 other diseases. Insect repellants last far longer on material (clothes, sheets) than on your skin. Many mosquito species like to bite ankles, so wear socks doused in repellant. "This may deter mosquitoes more than you think," says John Hatt, "because many of them begin their investigations as close to the ground as possible."

Hatt covers a broad range of subject matter: travel preparations, money (carrying it, keeping hold of it), equipment, flying, health, transport and accommodation, culture shock and so forth. There is even an index.

I especially liked his disclaimer: "The author and publisher have tried to make the advice and information as accurate as possible, but they accept no responsibility for loss, injury, inconvenience or other liability arising from any person using this book."

■ Another worthwhile paperback, recently updated, is *Europe By Train*, by Katie Wood and George McDonald (Fontana, £7.99). It is packed with information, some of it otiose, some of it twee, but all of it well marshalled.

HOLIDAYS & TRAVEL on Pages X11,X111,X1V,XV

# Just don't mention Crusaders

***Emma Tucker** upsets a film crew but still feels relaxed in Syria*

"WHY DID you decide to come to Syria this winter?"

"Because I thought it would be interesting to spend Christmas in a Moslem country."

Ahmed, our guide, looks uncomfortable, then translates into the microphone.

"Cut!"

The strong television light clicks off, the microphone is lowered and Ahmed sighs.

"This is a free country," he shrugs. "You are not supposed to talk about religion."

The Syrian TV news crew that has sought us out in the ice-cold bar of a hotel in Latakia is ready to try again.

"Why did you decide to come to Syria this winter?"

"There are many beautiful sites in Syria," I say cautiously, "and I've always wanted to visit the Crusader castles."

"Cut!"

We go through the same sequence. "No crusaders," says Ahmed while the other travellers in the bar, now high on the local aniseed arak, fall about laughing.

Eventually we come up with a suitable response. "Syria is a beautiful country; there are many beautiful things to see and the Syrians are very friendly people." None of this I would dispute: it just isn't my idea of an interesting answer.

Six days later, in the hotel Zenobia at Palmyra, we watch the result. I appear after a string of singing children and a floating love-heart from which Hafez al-Assad, the Syrian president, waves benignly.

Only Ahmed is upset. His wife, at home in Damascus, had hired two video cassette recorders to capture his moment of glory, but he is cut out of the film and another, female, voice is used for the translation into Arabic.

In Palmyra it is even colder than in Latakia. Outside, snow drifts around the columns lining the great colonnade of the ancient oasis city. The Zenobia hotel, built inside the ruins, looks out across the Temple of Bel with its massive courtyard and sacrificial altar.

Palmyra, which dates from the 2nd century AD, is the highlight of any trip to Syria. The spectacular remains of the city and its funerary towers are all the more impressive because Tadmor, as the Syrians call it, after the Arabic for date, is in the middle of nowhere, at the very end of the anti-Lebanon mountains, 150km from the River Orontes in the west and 200km from the Euphrates in the east.

But then most historic sites in Syria are deserted. Many of the places we visited were empty, apart from in and around Damascus where busloads of Iranians swarmed around Shi'a shrines. At the Omayyad mosque in Damascus they were gathered beneath the Dome of the Eagle, the women weeping loudly as an Iranian imam, swearing revenge on the Sunnis, recounted the split in Islam. Never mind that most Syrians are Sunnis – they did not appear to mind. The 2,000 or so Iranians that visit every week go home laden with the imported electrical goods now swelling Syria's shops.

At Crac des Chevaliers, the most picture-book of the Crusader castles, there was a party of German visitors. But further up the coast, at the castles of Sahyun and Qalaat Marqab, old men had to be roused to open the doors for us.

Much of the time we could have been in Scotland. Fog and drizzle masked Crac so that the bus almost crashed into its daunting outer wall. Inside, mist rolled out of doorways and around the ramparts like special effects for a hammy stage set. But at Sahyun, a prettier, airier castle built by the Arabs, the sun came out to light eucalyptus-lined paths and views across Syria's only forests.

"You are welcome in Syria," said the man who opened the door, warming himself at an oil stove. We heard the same words everywhere we went, whether from the stall holders in the souk at Aleppo, a flamboyantly moustachioed singer at a nightclub in Damascus, or the Syrian orthodox priest in Malullah, a mountain village where Aramaic is still spoken. At the national museum in Damascus a guardian sidled up to thrust a pocketful of fat, sweet raisins into my hand. Never, on any travels, had I felt more at ease than I did during my two weeks in Syria.

Accommodation was cheap, food and transport even cheaper. At the Aleppo souk you can buy silver jewellery cheaply and easily. The cosy atmosphere of the packed alleyways was heightened by daily power cuts – Syrians blamed the Turks for building a damn on the Euphrates, but cynics told us that the government was selling the power to Jordan to earn foreign currency.

At some stalls generators grumbled into life, but in most the owners turned on oil lamps and lit braziers to keep business going into the evening.

On Christmas Day we stopped at the ruins of a Byzantine monastery high up in a Druze village. Hundreds of brightly clothed children with blue lips and finger tips gathered to watch us eat humous and boiled eggs on the floor of a villager's house.

In the evening, in Aleppo, we toured the churches. The Armenian church was closed, but around the corner a Catholic cathedral was packed with wealthy Syrians.

It will not be long before someone brings out a satisfactory, up-to-date guidebook to the country. There is much to be discovered in Syria, and precious few tourists to get in the way.

Final touches in a Syrian barber's shop. The country is almost empty of tourists

## Practical Traveller

# Night walks in winter

MY FIRST experience of winter walking was in the mountains above the small Swiss town of Lenzerheide, 17 kilometres south of Chur, where the tourist office has produced a map of the 35km of forest paths kept open during winter months. The sun shone and the air was crisp.

The only sound was our own footsteps. There were stops for hot chocolate in mountain cafés and, in the evenings, the spectacle of "full moon skiing" – instructors skiing down the mountains carrying flaming torches.

Several companies are offering UK winter walking holidays. Some, involving small groups, offer guides; others allow you to walk independently but have accommodation arranged.

Acorn Activities (tel: 0432-357335), in Hereford, offers guided walks in the Wye valley and the Black mountains. Prices vary according to farmhouse or hotel accommodation.

Alternative Cornish Holidays (tel: 0841-540147) runs independent walking holidays along the north Cornish coast from Bude to Bedruthan Steps, where huge breakers come crashing up the wide beaches (£255 a week).

Several local councils have produced books listing guided walks in their areas. Some of the walks are free, for others you pay a charge of £1 or £2. *Exploring Sussex* (£1), for example, from East Sussex County Council (tel: 0273-481654) lists 336 circular weekday and weekend walks and cycle rides.

For those who like to walk on their own and return to the comfort of a luxury country house hotel and a gourmet meal, there is Congham Hall, a Georgian manor house near Kings Lynn, Norfolk (0485-600250). Maps for local walks are supplied and the owners are happy to pick np exhausted walkers at the end of the day and return them to the same spot the next.

The 17th century, 15-bedroomed Cotswold House Hotel in Chipping Campden (0386-84033) has the Cotswold Way (90 miles to Bath) starting on its doorstep. And Seckford Hall at Woodbridge in Suffolk (0394-785678), where Queen Elizabeth I is said to have held court, has beautiful panelled rooms, low-beamed ceilings, carved doors and a swimming pool in a courtyard barn.

Further afield, Explore (0252-319448) takes walkers to the Taurus mountains and the Berber villages of Morocco; the Ramblers Association (0707-331133) visits Madeira, the Himalayas and the Hawaiian islands; and you can explore Argentina with Waymark Holidays (0753-516477).

If you fancy walking by night rather than day, Bavaria has the answer: take a guided walk in the snow with torches to light the way and mulled wine at the end of the journey. Details from the German Tourist Office (071-495-3990).

*Angela Wigglesworth*



Holidays & Travel on Pages XII, XIII XIV, XV

Rugby Union/**John Hopkins**

# When every tackle is a culture clash


Striking back: Mike Hall of Wales passes to Scott Gibbs while England captain Will Carling looks on, during last year's clash at Twickenham

MY FRIEND Dai is a rational sort of chap. He lives near Birmingham (well, no one is perfect) and writes calmly and only occasionally irascibly about golf. There is nothing to suggest he has rabid teodencies. Yet, this man is metamorphosed on occasions such as today when Wales are playing rugby against England.

A couple of years ago, we were in Jacksonville, Florida, on the day Wales faced England. In the early evening, Dai returned from telepboning bome with a smile as large as his stomacb (which was, and is, ample). "We stuffed 'em, 12-9," he said. It did not matter that it was a rotten game. Tbe only important thing was that the men in red had won.

England versus Wales is, indeed, like no other rugby match. Wales agaiost Ireland is a meeting of (fairly) like-minded Celts. Scotland against France has its own particular appeal, notahly because the Scots have never won at the Parc des Princee in Paris (or beaten France in Paris since 1969, for that matter). But England v Wales has an edge that is sporting and sociological, physical and political.

"Forget the All Blacks, the Wallabies, and the Springboks," said David Watkins, the former Wales and British Lions International. "It's beating England, the oppressors, that fires the imagination of every Welshman."

In my view, the Welsh and the English are like the Freoch and the English. They are oot meant to co-exist, and it is unfortunate that the two countries are in sucb close proximity. One can sing, the other cannot. One can play cricket, the other cannot. One owned the mines and tbe steel works, the other worked in them. One bred sheep, the otber stole them. One supplies the water, the other drinks it.

Character and temperament are two differences that mark out the Welsh from the English. Language is a third; Gareth Edwards and Barry John used to confuse opponents by talking to one another in Welsh.

George Ewart wrote in *The Strength of the Hills*: "No one can understand the seriousness that is paid to rugby in Wales unless he views it as a social and political affirmation of its nationhood. For a nation that has existed for many years as subject to a more powerful one, it is the sheet anchor of its self-respect."

Yon need only a slight grasp of history to be aware of the sense of injustice the Welsh can summon up against the English – and do, regularly. Before the game in Cardiff in 1977, skipper Phil Bennett is said in his team talk to have dwelled on every sociological and political slight delivered to the Welsh by the English.

"They have takeo our coal, our water, our steel. They huy onr houses and they only live in them for a fortnigbt every 12 months. What have they given us? Absolutely nothing. We've been exploited, raped, controlled and punished by the Englisb – and that's who you are playing this afternoon." (Wales won, 14-9).

In speech, England and Wales are two nations divided by a common language. In England, the game is often known as rugger. In Wales, it is rugby – and yon will be laughed out of a pub if you start talking about rugger.

In literature, the difference is striking. England's rugby heroes are described as if they are Greek gods. Of Ronnie Poulton-Palmer, it once was written: "The wondrous Poulton, the fleet and flaxen, a golden-haired Apollo who stood as a symbol of the heart of England." By comparison, the Rev Frank Marshall damned with faint praise wben he described Arthur Gould, of Wales, a truly great player and one far superior to Poulton-Palmer, as: "The greatest centre three-quarter that has ever played."

In their book *Rugger*, published in 1927, former England internationals Wavell Wakefield and H.P. Marshall wrote: "A man who plays [rugby] must be ready to give and take hard knocks, but he will take and give tbem with a grin. He will oeed courage and determination and a sense of humour, and he must learn the meaning of unselfishness."

Contrast that with this passage hy Richard Llewellyn in *How Green Was My Valley*, published only a few years later: "But Cyfartha is like a fisherman's net. The fly-half has been too clever and wants the try himself, and on he goes, tries to sell a dummy, and how the crowd is laughing, for to sell a dummy to Cyfartha is to sell poison to a Borgia."

In spite of the two countries' differences, one date has considerable significance for both: June 8 1987 when Wales beat England 16-3 in Brisbane, Australia, in a quarter-final of the first World Cup. I think that was the worst result for Wales and the best thing to have happened to England. The Welsh reaction was to gloat – again proving themselves superior to their oldest and bitterest rivals. The reality was that this victory covered serious deficieocies. Wbat was wrong quickly became apparent, and Wales eotered a trough comparable to that between 1923 and 1930 when they won only nine of 32 games.

Eogland, by contrast, began a recovery programme that has made them one of the three leading nations in world rugby. In their past three meetings with Wales, the English have scored 83 points, the Welsh only 12.

"Wales is proud of this victory. Welsh peers and labourers – with all the intervening stratas of society – were united in acclaiming and cheeriog the Welsh team. It was . . . a victory for Wales that probably is impossible in any other sphere." So wrote the *Western Moil*, the national daily newspaper, the morning after Wales had defeated the 1935 All Blacks 13-12 at the Arms Park. The same might be said if the Welsh wio at Cardiff this afternoon.

Point-to-Point/**Keith Wheatley**

# Farmer who thinks he's on a winner

BERNARD Heffernan is a punter and horseman of greater than average courage. This middle-aged Dartmoor farmer has wagered nearly £20,000 on his prospects of becoming the champion 1993 point-to-point jockey. Should he win, Heffernan stands to collect nearly £750,000.

"I think the bookies should have a kind word said about them," said Heffernan as we drank tea at his kitchen table. "If it wasn't for them, this whole game wouldn't be on."

If it was not for the spirit of Heffernan and others like him, point-to-point would not be enjoying a boom. As the season starts, the economic clouds over Flat racing and National Hunt seem to have missed point-to-point. The 1993 fixture list is longer than ever, includes Sunday racing for the first time, and looks likely to have more runners than ever before.

In 1992 there were 12,715 runners in point-to-point, compared with a previous record of 12,549 in 1988. There were 1,407 races last year, the previous record was 1,293 in 1989. The 202 meetings held in 1992 were the most for 30 years but, if the weather smiles, there will be 205 this season.

Rural simplicity gives point-to-point its charm. Every horse must have been subjected regularly to the muddy rough-and-tumble of a local hunt. No highly-strung thoroughbred darlings need apply. The usual course is over the land of a sympathetic farmer, although some hunts do use steeplechase courses. Races average three miles; ferociously long by the standards of the Flat. Point-to-point is also dangerous and there are many accidents to both horse and rider.

In the car parks, Range Rovers and filthy farm Land Rovers stand side by side. Horses and riders mingle with the crowd. Pints of beer and pork pies are far more in evidence than smart picnics – if only because the weather often is foul. The only common ground is a love of horses – something not always found on professional tracks.

Heffernan is aiming for 100 rides on just over 30 race days. A wall of his sitting room is covered with a chart listing dates, meetings and horses.

Almost all of his rides will be on his own animals. Stabled around the muddy farmyard are 20 hunters and former racehorses collected as part of this audacious bid. "I only rides my own," he says with a thick Devon burr, "At my age, you don't want to risk getting up on other people's rubbish."

The most famous of the string is Yahoo, runner-up to Desert Orchid in the heart-stopping 1989 Cheltenham Gold Cup. "They say he's too old but us old boys got to stick together," says Heffernan. "His job is racing. You couldn't just turn him out in a field. Getting into point-to-point has given him a new lease of life."

That might also be true of the owner. Three years ago, Heffernan had never raced a horse, although he is a lifelong amateur show-jumper and hunts with the East Cornwall. Last year, he had his first winner – followed by five more – and eight seconds, and took the Woodhouse Trophy as point-to-point's leading owner-rider.

"I don't see myself taking on Scudamore (National Hunt's top jockey) but on the amateur circuit I'm entitled to my bit of fun," he asserts. "I'm a doer. Can't be bothered with watching. There's so much enthusiasm and friendliness in point-to-point, it's a fun thing." Public and participants obviously agree. Although racing generally is stricken and attendances are falling, point-to-point expects record crowds.

Some say the big boys, sheltering from the financial problems of National Hunt, are using the amateur world of point-to-point to keep their hand in and their horses visible. Alternatively, with the continuing bad prices at horse sales, perhaps breeders are holding on to animals and giving them a run or two in point-to-point, hoping that a win might make them attractive when life returns to the market. But perhaps the open, almost naive, camaraderie of the "pointers" is infectious.

After news of Heffernan's bet trickled out, his 'phone scarcely stopped ringing. Even arch-rival Robert Alner, a Dorset farmer and last year's champion, called to ask how things were going. Trainer Stan Mellor has offered Heffernan tuition, but he is not sure if that would be fair.

Alner had 31 winners in 66 rides in 1992 and the bookies have him at 4-1 to repeat the feat. The odds on Heffernan have closed to 10-1 since be placed his own bets last summer.

How does he rate his chances? "The higgest thing is me staying sound," he laughs. "You can get another horse hnt if you lose the jockey youm buggered."

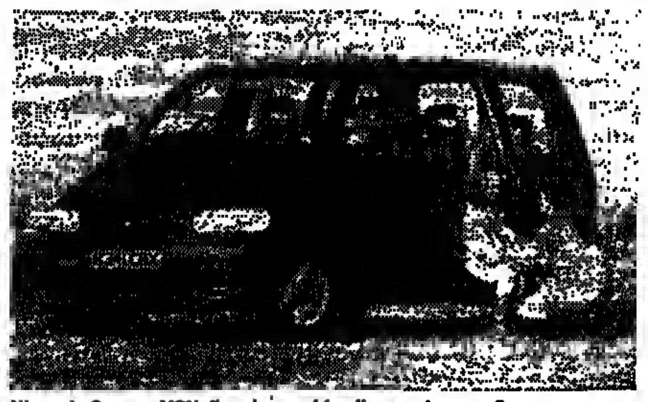
A team of six works on the Heffernan string. The farm has its own gallops and the horses – bought for an average of £2,000 each – work out each morning on the spectacular expanses of Dartmoor outside the front gate. Heffernan's wife Denise, also a race rider, is putting nearly as much into this effort as he is.

"I don't consider this a gamble," Heffernan says, but his Devon accent vanishes momentarily – perhaps a sign of a leg-pull. "It's an investment in our ability to produce a first-class animal. I just hope the whole bloody thing stays fun. I want the public to come and say, 'Have a go, Joe'. I'm nothing special."



Motoring/**Stuart Marshall**

# And now the one-box vehicle


Nissan's Serena MPV: the shape of family cars to come?

IF THE developing fashion for multi-purpose vehicles (MPVs) is anything to go by, the family car of the future will be box-shaped. It would be sensible. A car with neither bonnet nor boot takes up less road space than a "three-box" salooo or "two-box" hatchback or estate. And, logically, there is oo reasoo why the engine should be up front, where the horse used to be before the horseless carriage came along.

More than 40 years ago, Volkswageo's Microbus – the first MPV – had the engine tucked away at the back. Renault's Espace, the first MPV to be bought because it was smart as well as practical, has a normal front-wheel drive power pack, but that is inside the body and under the sharply-sloped windscreen.

Toyota took the bold step of burying the engine of its rear-wheel driven Previa MPV under the floor. Why oot? All rontine cbecks can be made simply by lifting the grille. And no one tinkers with electronically-managed engines any more, if they are wise.

The latest MPV to reach Britain is Nissan's Spanish-built Serena. At first sigbt, I thought it looked like a cross betweeo one of those Italian hearses with chromium-plated cherubs on each corner and a dignified, 1930-ish English limousine. When I swung up into the high seat behind the wheel, it felt decidedly van-like. But the more I drove it, the more I liked it.

Building a vehicle as tall as this gives it an enormous amount of interior space. Passengers sit high enough to peer over hedgerows. The driver's view of the road is so commanding that I found the Serena ideal transport in the crowded West End of London.

There is hardly any bonnet – the engine is mounted further back than usual – and no rear overhang at all. Combined with very light power-assisted steering, this makes the Serena easier to park than a conventional car of similar size.

The top-of-the-range SGX model I used had a British-made, 126-horsepower, 16-valve, two-litre engine driving the back wheels though a pleasant, five-speed gearbox. Fairly low overall gearing made it flexible in town, lively when accelerating up to 60 mph (97 kmh), and good at romping up hills in top or fourth gears, even loaded.

It takes time to reach 80 mph (128 kmh) but holds it on an autoroute without sounding frantic. On a windy day – or when overtaking speeding container lorries – you are aware it has higher sides than a car.

There are seven Serena variants offering four or five doors (including the huge tailgate); six, seven or eight seats; and 1.6 or two-litre petrol engines plus a two-litre diesel. Tbe one I drove had six separate and plumply comfortable seats, two normal front doors, and a single sliding door on the near side.

Having six seats is useful, but only when the rear pair are folded away is there a large amount of luggage space. One of the optional layouts witb seven seats (converting to five with a vast hoot) would he more useful to a family with three children and a dog who do not want to travel long distances with all the luggage on the roof.

Prices range from £12,950 for the 1.6-litre LX to £17,750 for the two-litre SGX which comes with ABS brakes, two power-operated sun-roofs and air-conditioning as standard.

# Cashmere is fine, but musk ox was the royal choice

*Daniel Green explores the more exotic and luxurious types of woollen*

FED UP with cashmere? Too affluent for angora? Try guanaco or musk ox for some really decadent clothing.

The world's woollens specialists can supply some of the most exotic fabrics around, if only their customers knew it. For many, cashmere will always be king. But alpaca can feel almost as good at a fraction of the price. Cashmere weavers, who would not be seen dead in yak, yearn for vicuña.

But how to navigate about the arcane world of rare fibres? Here is a quick tour.

Cashmere is the benchmark for all luxury fibres. Connoisseurs seek out white and pastel coloured clothes because only the highest grades of fibre from the best Inner Mongolian cashmere goats are pale enough. Poorer, darker, produce from Afghanistan, Iran or Australasia is made into darker clothes. Prices of all grades have halved since 1989 and are now back to the levels of the early 1980s. Sweaters are widely available starting at less than £100. Daks Simpson sells a £699 men's jacket and Aquascutum has a ladies' coat at £1,100. For an unusual variation, Sogo on Piccadilly Circus is stocking a £395 blazer of wool, cashmere and silver fox. Harrods has men's cashmere suits at £1,750.

Mohair comes from the Angora goat and should not be confused with angora rabbit hair. It is light, warm and soft but a little coarser and stiffer than cashmere and is easily creased. Lightweight suits are popular in the Far East. Aquascutum has a ladies' mohair and silk blend sweater at £246. Chester Barrie has a mohair and wool mix men's suit at £575. Pure Mohair suits cost from £1,200 in Savile Row.

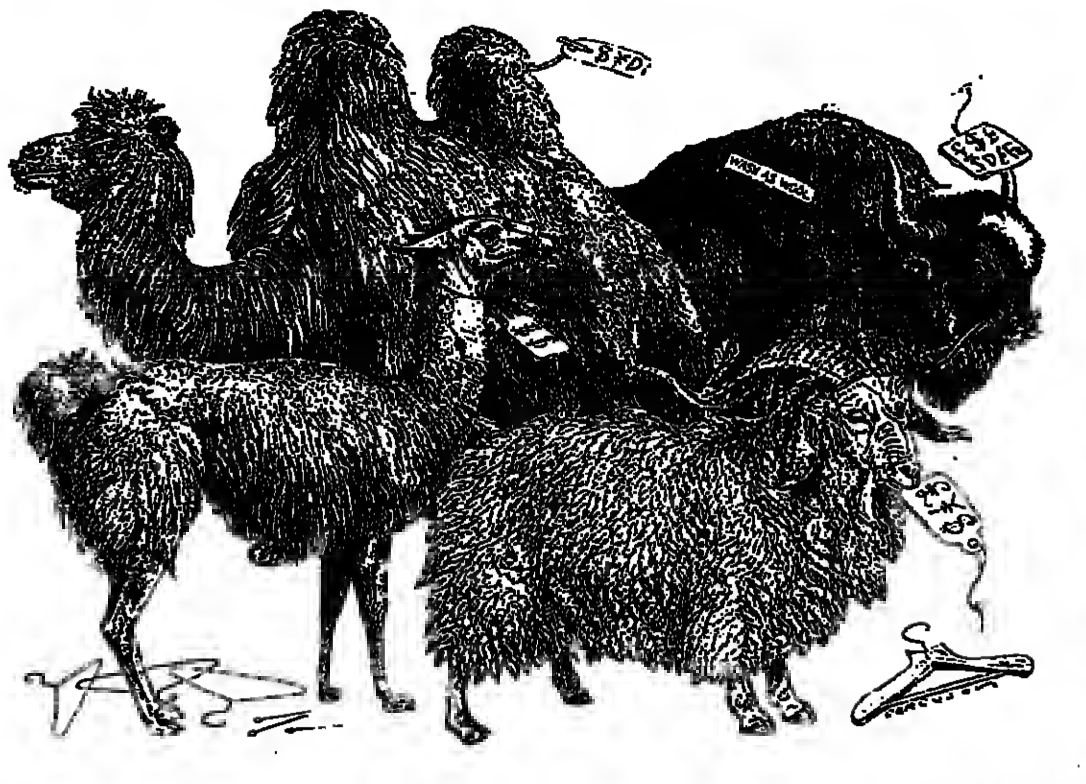
Angora is a rabbit hair fabric that has been out of fashion since the mid-1980s. Nevertheless, it is soft enough to be an alternative to cashmere and can be much cheaper. The best comes from Germany, Austria and Japan where it is popular for thermal underwear. Sweaters cost from £50 and Chester Barrie has a men's coat at £995 – Harrods priced them at £595 in its sale and sold out within a week.

Camel hair has a poor image in most of Europe and Japan but competes with cashmere in the US and Italy. Look out for kid camel hair from Italy. Do not expect to pick up bargains in the Middle East: the camels required are the two-humped Bactrian variety from central Asia. Daks Simpson sells a men's jacket at £699 and John N Kent in Stafford Street sells an overcoat at around £1,200. An Aquascutum classic ladies' coat costs £749.

Alpaca fibre is the biggest seller from the llama family of the South American Andes. In terms of fineness it compares with camel hair, yet the wholesale price is about the same as top sheep's wool. The best comes from the suri alpaca rather than the huacaya. There is a men's overcoat at £549 from Daks Simpson and a ladies' swing coat from Aquascutum at £850.

Vicuña is one of the rarest of all fine fabrics and is widely regarded as a cashmere-beater. The vicuña is a relative of the llama, but poaching has decimated wild herds and the remaining creatures are protected. Pure vicuña garments probably originate from the black market, and legal stocks are being eked out by blending with cashmere. The cloth, if available, sells at more than £1,500 a metre in London but Japan is the main market, where a pure vicuña men's coat would sell for at least £6,000. A blended overcoat in Japan retails at £2,500.

Guanaco is also a member of the llama family. Some are reared in Wales, although Argentina produces a higher-quality raw material. It is slightly finer than cashmere and costs 25-30 per cent more.



Cashgora is an Australasian cross between cashmere and angora goats. Cashgora is not as soft as cashmere but its fibres are longer and stronger. It is typically about 20 per cent cheaper than cashmere but lack of customer awareness means that sales have yet to take off. Germans put it in luxury blankets and Sogo sells a sweater for £140 and Aquascutum has a ladies' coat at £545.

Yak hair comes from the Himalayas and is rare and fine enough to challenge the lower grades of cashmere. Unfortunately, each 350kg yak moults a mere 100g of hair a year and the material is most likely to be found blended with other fibres in overcoats in the US.

Musk ox was once worn by George V and is said to be finer than either vicuña or cashmere. In 1989, Lyle and Scott of Scotland made 72 musk ox sweaters and sold them for £500 each, mostly in Japan. One of the few reliable sources today is Oomingmak Musk Ox Producers' Co-operative, 64 H Street, Anchorage, Alaska 99501. Tel 0101-907-272-9225. Hats, scarves and tunics knitted by native Alaskans cost between $65 (£43) and $385, mail order.

■ *Daks Simpson, 203 Piccadilly, W1A 2AS. 071-734-2002. Sogo, 28 Haymarket, London SW1Y 4SP. Tel: 071-333-9000.*

THE MOTIF tie has become the power neckwear of the 1990s. Gone are the staid spots, stripes and old school colours; today's high-flyer is wearing a tie decorated with the unlikely power symbols of owls or rabbits, tea-cups or palm trees.

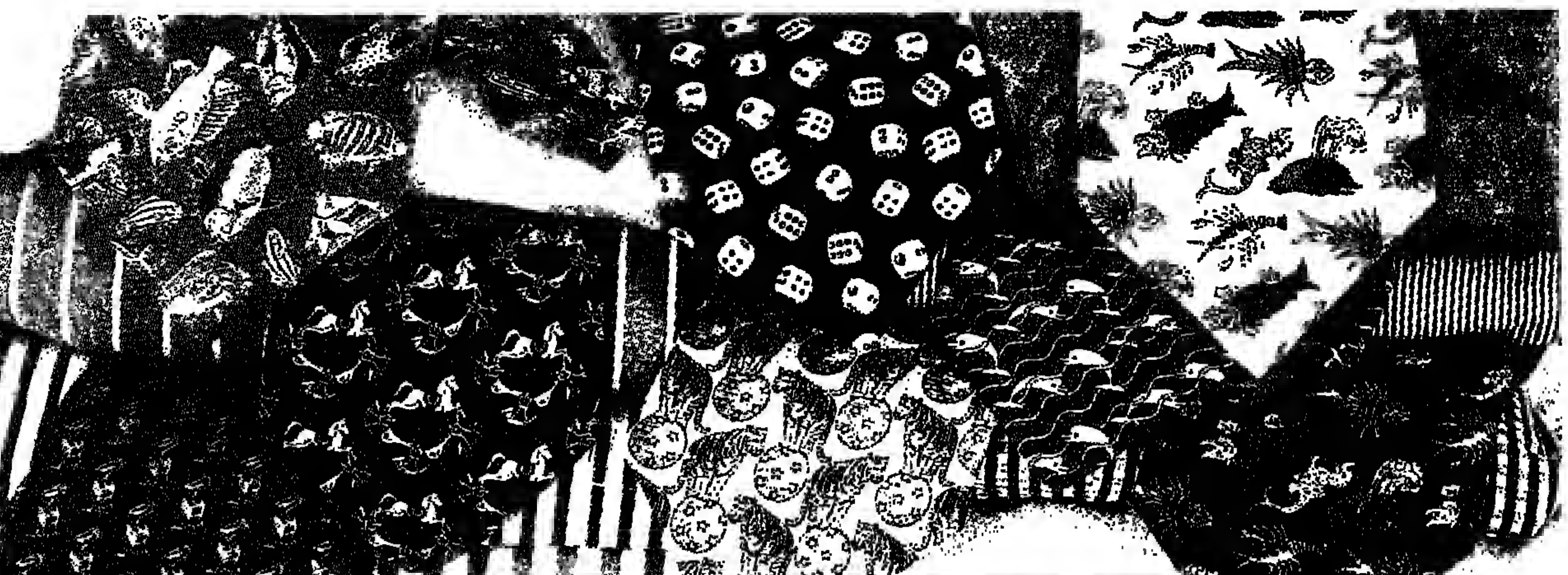
For some years, the classic Hermès tie has been the ultimate executive neckwear, outclassing school and regimental ties with its international chic. The chains, ropes, stirrups and anchors of upper-class sporting pursuits were intertwined across the tie in an intricate pattern. And this interlocking style became an international classic, copied by tie manufacturers everywhere.

But then, to its traditional themes, Hermès added some audacious designs. From a distance, these ties appear to be just another intertwined or repeated pattern. But to the wearer, or a close observer, it is something far more interesting – the interwoven motif is of an animal, a playful image which subverts the formality of boardroom dressing with its whimsy.

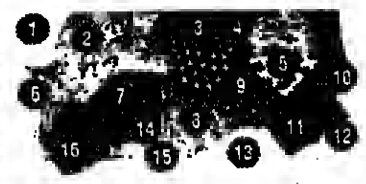
Hermès began decorating ties with images of elephants, frogs and even snails. While traditionalists, such as the Prince of Wales and the Duke of Westminster, have remained true to the original patterns, individualists such as Sir Tim Bell, Baroness Thatcher's former public relations guru, Robert Sangster, the race-horse owner, and Sir David Frost, the television personality, shifted their allegiance to the animal motifs.

Hermès believes that motif ties are bought by confident men, those with sufficient power or individuality to break with tradition.

Now, every upmarket label is producing motif ties.



Tony Andrews



1. Lemon shirt, £49.95 from Hilditch & Key, 88 Jermyn St, London SW1.
2. Tropical fish tie on turquoise and 3. Bright red tie with dice motif, both £55, from Gucci, 32-33 Old Bond St, London W1.
4. Blue shirt, £49.95, Hilditch & Key.
5. Tie with sea creatures, lemon background, £49, Alfred Dunhill, 30 Duke St, London SW1.
6. Blue and white stripe shirt, mail order, £36.50, Charles Tyrwhitt, Saddlers Court, Camberley, Surrey.
7. Tie with horse motif on navy blue background, Salvatore Ferragamo, 24 Old Bond Street, London W1. £49.
8. Tie with tiger motif on cream background, Gucci. 9. Green Dolphin tie, £59, Hermès, 155 New Bond St, London W1; 179 Sloane St, London SW1 and 3 Royal Exchange, London EC3.
10. Fine blue and white stripe shirt, £49.95, Hilditch & Key.
11. Tie with sea creatures on blue background, Dunhill, £49.
12. Navy blue check shirt, 13. Pink shirt, 14. Red and white stripe shirt and 15. Blue and white stripe shirt, all £39.50 from T M Lewin 106 Jermyn St, London SW1 and 34-36 Lime St, London EC2.
16. Green pelican tie Hermès, £59.

# Snails and frogs now talk the international power language

Some call them pictorials, others call them character ties, but the fashion has taken off, as each company tries to create distinctive designs which combine individuality, wit and elegance.

The boardroom tie market is an important one, and not just in terms of design. Hermès has claimed to sell around 800,000 ties a year internationally at £59 a time. Even a share of that market is significant.

The competing labels are making an impact. Paul Karvandi, a senior trader at Paribas, for instance, has noted that the monopoly of the Hermès label is being eroded. "People are wearing motif ties widely," he agrees, "but not always the ones by Hermès. That's particularly true of younger City types, people who started out in the '80s and don't feel tied to tradition in quite the same way as the older executives.

"Quite often, their ties will be from the other houses, who have taken the motif and worked it into a more elegant design. There's a lot of choice out there and there's room for individualism."

The more closely interwoven the motifs, the more conservative the tie initially appears; the more scattered and separated the motifs, the more adventurous the wearer. Some designs retain obvious class associations, with images of horses, bugles and vintage cars.

But at the more daring end of the spectrum, there are teacups, skiers, zebras, golfers, bon-bons and gramophones; a wealth of amusing images.

Hermès says, naturally, that the copies are the biggest form of flattery. But each label has its own distinct interpretation of the original idea. And motifs come in many moods – they can be witty, graceful, restrained, bold, continental or British – somewhere in that range must be something for almost everyone.

**Hermès**
The original and the most expensive (£59), the variety and depth of its colours remains unrivalled. Its witty designs are still immediately recognisable, but that has been achieved at the cost of sticking to its original look. Hermès still concentrates on its trademark animals; frogs, pelicans, dolphins, seals and fish are current favourites, although recent motifs have also included clouds and tugboats. The most successful, and the real trend-setter, was an owl motif as sported by Sir Tim Bell.

**Ferragamo**
It was Ferragamo which really declared motif war. In a series of full-page tie advertisements last year, it went head-to-head with Hermès, and many felt that the Italian label's distinctive, clever little figures and deeper colours surpassed the blunter designs of the French.

Ferragamo ties (£49) feature mainly people – minstrels, musicians, knights – with an historical feel, and the actual motifs are now growing into tiny narrative pictures reminiscent of willow pattern. Colours are rich, even featuring browns and purples.

**Dunhill**
Dunhill only entered the motif-market last season. It has tried to capture a particularly playful, English feel. Tea cups, playing cards and music staves featured in its first collection, and themes from English country life will play across the next. Uniquely, it uses Royal College of Art fabric design students, unrestrained by commercial conservatism, to provide ideas; a sea-monster design was the result of this collaboration. While retaining its other, classic tie designs, Dunhill is committed to both wit and vibrant colour across its pictorial ranges (£49).

**Gucci**
There is a small room in Gucci's Bond Street shop in London entirely devoted to ties, and nowhere is the revival of the label's design sense more evident. In linked motifs, its graphic interpretations of skiers, gazelles and striding men have grace and flair. In scattered motifs, its dice, falling leaves and porcelain cups are clever and elegant.

With dozens of rich and subtle patterns, it seems that in certain circles Gucci is nowadays considered the most sophisticated motif ties around (£55).

**T.M. Lewin**
Restraint is the keynote of Jermyn Street style, and that is reflected in the designs at T.M. Lewin. It is known for the most competitively priced shirts on the street, and its motif ties are also very reasonably priced. At £24 it has golfers, drums and bugles, and palm trees, at £20 knights on horseback and, most attractive of all, gramophones.

**Hilditch & Key**
Each Hilditch & Key design is available in muted colours. It has a much smaller range (£29.95, £24.95 at sale prices), on lighter weight ties. Its scattered golfers, parcels, cars and bon-bons are only available on two backgrounds – a somewhat brash scarlet, but also a very effective black, which sets off the motifs nicely.

**Charles Tyrwhitt**
The mail order-only shirtmaker Charles Tyrwhitt (telephone 0252-860940 for a catalogue) has character designs in rich colours in the Hermès style; golfers and polo players, elephants and parrots, and Sir David Steal's favourite, chess knights (£24.50).



# Designer dweeb names the guilty

*The cynicism of shop assistants stops **Michael Thompson-Noel** looking lean and virile*

THOMAS Mann said: dress like a bourgeois, think like a revolutionary. My trouble is that I dress like a dweeb, which tends to have a numbing effect on most of the cerebral cortex. Fashionwise – or even merely clotheswise – I am dead from the neck down.

How did this come about? It is not that I do not care, for I cringe with embarrassment every time I see a reflection of myself scuttling past shop windows or find myself, in restaurants, steered towards the table by the door.

It is not that I lack imagination. In my mind's eye I see myself as tall and lean and virile – just like Zoltán Solymosi, a dancer with the Royal Ballet, who featured, with Darcey Bussell, in a recent issue of *Vanity Fair*.

In one of the photographs Solymosi wore a Daks dinner suit with a black polo-neck sweater. I could wear them easily. I could even wear the tartan sequinned evening jacket and black lycra bodysuit that Darcey Bussell was modelling.

It is not that I lack the money. I am not awash in funds: 45.6 per cent of my net salary goes in mortgage payments to the chairman of Abbey National, to keep him sleek and plump. But I could afford some stylish clothes if I would only visit the stores.

It is not that I lack taste. Nor that I do not travel, or stay in posh hotels. Nor – as you mention it – am I as thick as two short planks and somehow unaware that women look more kindly on men like Zoltán Solymosi, with his nice shoes and waistcoats and expensively-kept hair, than they do on men like me.

Some of the soup stains on my ties have soup stains of their own. Neither of my suits fits. I take refuge in blazers. Most of my sweaters are gross. My shoes pinch.

Whom do I blame for the state of my wardrobe? Answer: the retailers. Reason: their cynicism and shortsightedness in employing shop assistants who have sold me, over the years, clothes that neither fit nor suit me. Is stupidity a job requirement for people who work in retailing?

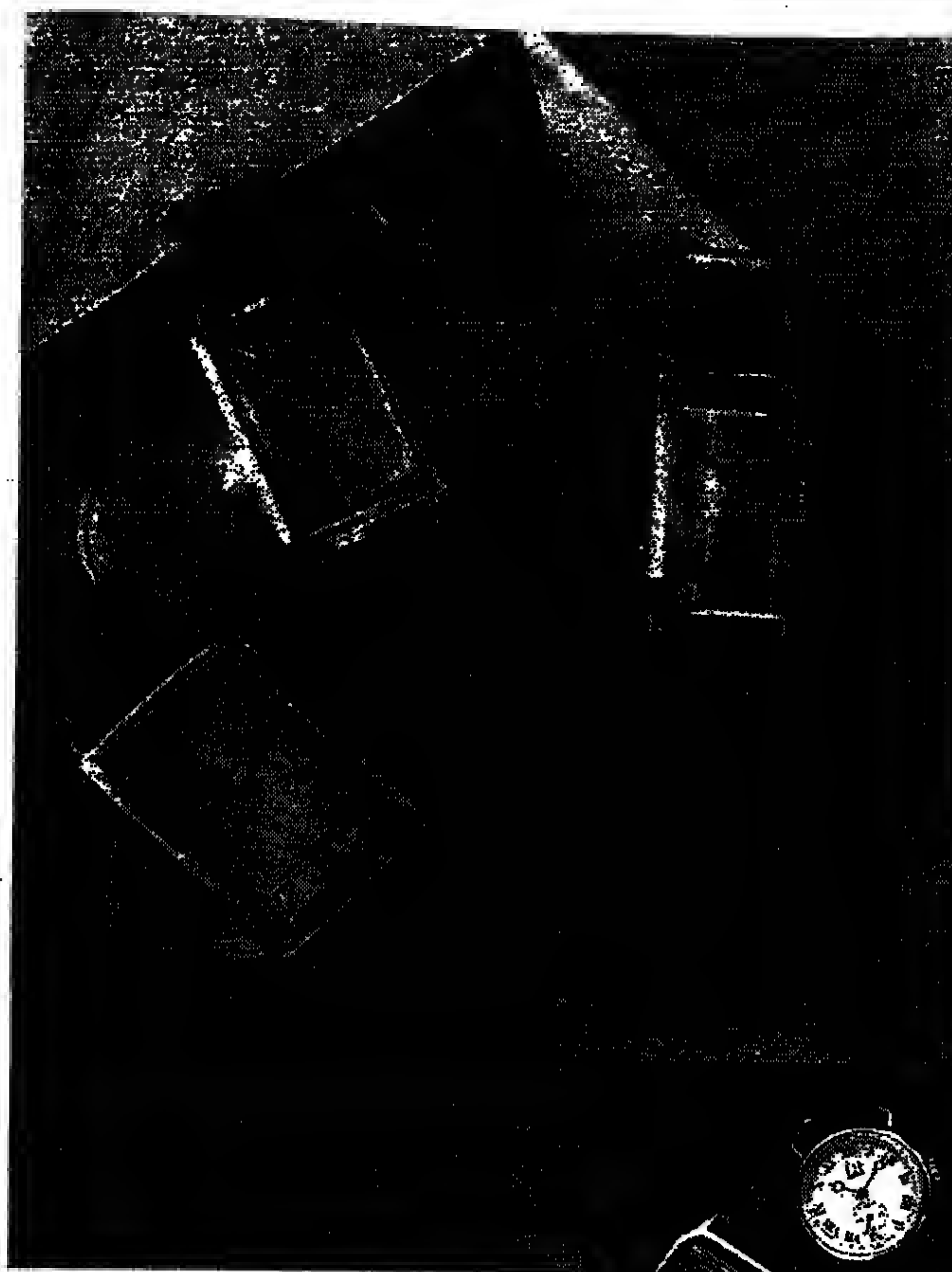
I counted my clothes this week. I only own two suits (one from Gieves & Hawkes, bought in a sale, which needs major surgery and should never have been sold to me); two blazers; one sports jacket; 10 peculiar pairs of trousers; one French-made blouson (the only decent thing I own); one hideous linen safari jacket (Simpson of Piccadilly: they should have refused to let me near it, let alone take it home); one tatty raincoat; no overcoat at all; one dinner suit; 20 shirts (only two from Jermyn Street); an idiot's collection of ties; three pairs of shoes; seven mothy sweaters and a disreputable collection of T-shirts and Bermuda shorts.

I hate shopping for clothes. In my experience, shop assistants are either sneeringly superior or too bored or lazy to offer appropriate help or advice. It has to be dragged out of them. They think that their rôle is to flog me duff clothes with minimum expenditure of time or energy. I blame their bosses. (I blame myself a bit, but not as much as the bosses).

The only time I was sent packing was by an Austin Reed salesman. It was winter. I needed some shoes in a hurry. The salesman studied my feet, then rolled his eyes despairingly. He said: "You have extremely narrow feet, Sir. I couldn't *begin* to help. There is nothing in the store – nor at *any* of our branches – that could fit such narrow feet. You need specialist advice, Sir. I expect I could find an address, but it may not be in London. You may have to make a rail journey."

He was off his head, of course. I do not have narrow feet. He probably had a hangover – just wanted to get rid of me. But if more sales assistants were more honest more often, I would accumulate fewer unsuitable clothes. I would not hate shopping. As a result, I would shop more frequently and spend the money necessary to keep my wardrobe up-to-date. Because they do not train their staff properly, clothes retailers must be cheating themselves of millions in lost turnover.

If they raised their game, I might even become interested in fashion. Roll over Zoltán Solymosi; hello Darcey Bussell.



# Dunhill goes back to its roots

***Lucia van der Post** on a company that is cashing in on nostalgia*

AT THE turn of the century London was a city of small shop keepers. Mass-production had not yet got under way and business was largely made up of small cottage industries. For historians what is fascinating is trying to identify just why some of the small cottage industries died and why others grew into hugely successful modern companies.

Take Alfred Dunhill. In the late 19th century Dunhill was just a little tobacco shop, one among many. Almost all later fell by the wayside but Dunhill prospered and is now busy turning itself into a big player in the luxury goods industry.

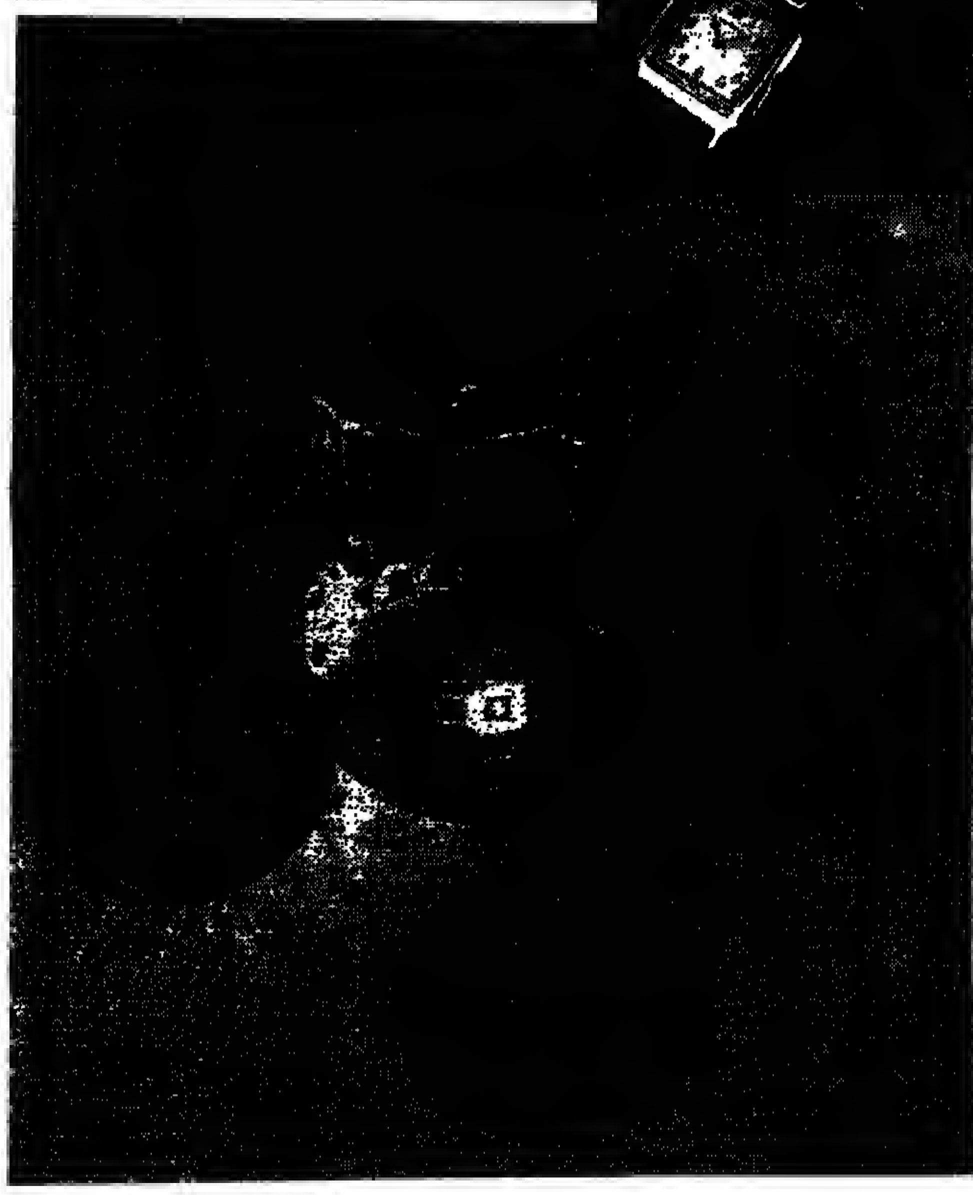
Like most successful businesses it was kick-started by a man who was intuitive enough to anticipate the way the world was going, to offer customers what they had not yet realised they wanted. Motoring, he foresaw, was going to be the coming thing and so he developed what he called the Dunhill Motorities – fine leather coats to keep out the wind, footmuffs to warm the feet, motoring-masks, fur-lined goggles, brass lamps, picnic baskets; the ideas came thick and fast.

From Motorities (which he foresaw would be less in demand once motor-cars became enclosed and warmer) he moved into an ingenious range of lighters, watches and accessories.

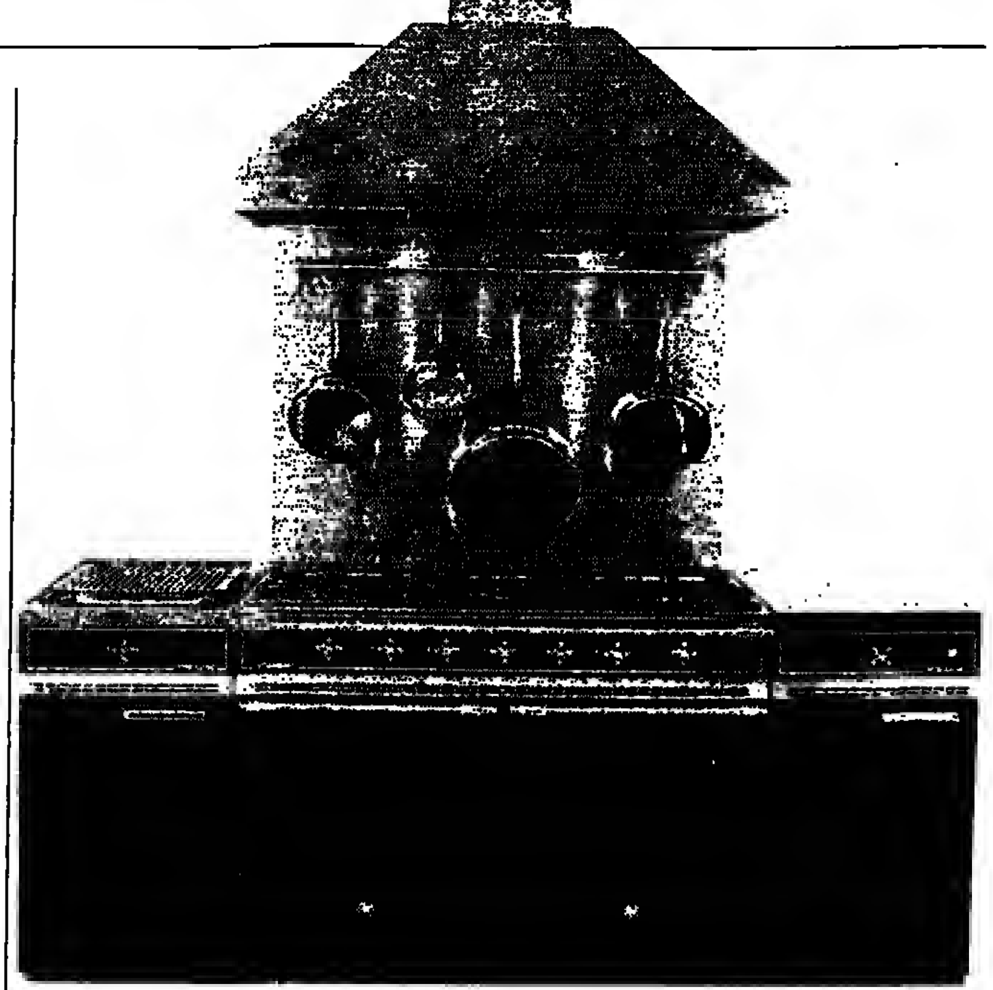
Now that it has become fashionable for companies to look to their roots Dunhill, in its centenary year, is doing just that – affirming its spirit, celebrating its history, digging deep into the archives. It has launched an £8m advertising campaign to persuade owners of Dunhill collectables to sell them back to the company. Already, several rare pieces have been bought but there are still some special pieces (such as the "Dorothy" rose lighter – a marvellously kitsch design with a platinum and gold basket topped by 60 cabochon rubies for the roses) which the company longs to have.

Dunhill has also been inspired to try and recreate the best of the pieces. It has started with a few key designs – the golf ball lighter, a classic of the 1930s; a marvellous short leather motoring jacket based on the Motorities coat; a range of watches inspired by a 1930s Dunhill range; and the Sylphide Lighter.

Sadly, not all the designs have been recreated as finely as the originals – technology and time move on and what was expensive way back in the 1930s is almost unaffordable in the 1990s – but all have something of the original spirit. Pictured here are some of the first pieces from the new Heritage Collection, to be available in mid-March from Dunhill, 30 Duke Street, St. James's, London, SW1Y 6DL and branches.



**Photographed top left is a selection of Alfred Dunhill watches from the 1930s – to the right are the new versions, which are not exact replicas but have been recreated in the spirit of the 1930s. There are six designs and each comes in an edition of 100. Prices range from £1,600 to £2,500.**
**Pictured left is the original golf ball lighter, first designed in 1929 and most famous for the fact that the body was weighted so that it always returned to the upright position no matter how it was placed on the table. Sold originally for the magnificent sum of seven guineas, the new version, photographed immediately above, comes in sterling silver and will sell for £575.**



# A serious cooker, for serious cooks

***Lucia van der Post** considers a kitchen range that is popular with enthusiastic home chefs*

ALL THOSE doomsters who predicted that tha family meal was endangered, that the great warming roasts and casseroles of yesteryear would be nothing more than a nostalgic memory, might like to know that they were wrong – the market for serious cookers grows bigger every year.

How do I know? I know because ever since La Cornue, the cult cooker for serious cooks, was introduced into this country in 1989, other manufacturers have been rushing to copy them.

After La Cornue, we got Rosières, with its Bocuse oven; the Viking range from America; Morice from France with its enamelled ovens; Gaggenau with its large hobs and double ovens; and New World started offering double ovens and extra cooking units. All were aiming to fulfil the longing for what marketing men now call "hobby cookers."

Hobby cookers, are what young professionals and family-minded keen cooks, are looking for. They are no-nonsense, fine-looking, machines. Although they were way beyond the price most ordinary families would dream of paying, keen cooks, it seems, were prepared to pay for something that they saw as central to their domestic lives.

Hobby cooks are attracted by the almost industrial look, robust styling, beautiful workmanship, and fine finishes coupled with large capacity, high power and fine precision.

When La Cornue first came out, few could afford it. Each cooker was made to individual specification and at anything up to £8,000 or £10,000 a time the cooker was clearly beyond the reach of all but the most fanatical or affluent. Which is why Eddie Cottrell of importers Fourneaux de France, approached a manufacturer in Burgundy to come up with Ambassade, a range of what he calls "semi-professional stoves" at much more accessible prices.

They have much of the same charm as La Cornue – generous lines, the expansive air of being a source of carefully-tended gregarious meals as well as the technical capacity to produce them.

There are two ovens, both large enough to take the most well-fed of turkeys; one is a convection electric one, the other a static electric oven with grill. The hob has five high-powered gas burners (which can bring a 5-litre pan of cold water to the oil in under 10 minutes) and it comes with pan stands which enables the cook to cook across the whole surface.

There are removable cast-iron simmering plates which keep sauces at precisely the right temperature, as well as griddle plates (so you can char-grill your vegetables as well as any sassy restaurant) sauté pans and steamers which fit across the burners.

There is also a *mijotage* pan which sits over the large burner and fits in the oven – ideal for braising when you need first to brown on top of the cooker and then to finish off slow-cooking in the oven.

The basic two oven, five-burner model sells for around £2,087 – it is photographed above with two add-on modular units (which include a built-in *bain marie*, a deep fryer and warming ovens) which are around £700 each. For those who like the sturdy, industrial look but do not need two ovens, there is a single oven (but capacious with two fans and two sets of elements) version which sells for £1,873.

Anyone interested in the cooker can telephone the Fourneaux de France showroom at 62 Westbourne Grove, London W2 5SH on 071-792-0991 and arrange a demonstration.

So much for the technicalities, what about something a little more personal? Sophie Mirman and Richard Ross (once of Sock Shop fame, now happily running the children's mini-stores Trotters in London's King's Road and Kensington High Street) have been the contented owners of an Ambassade for three months.

"We love it dearly," says Richard. "We both cook and we were looking for something for a country kitchen, something a little bit special. We like its rugged looks, we think it is very beautiful and very luxurious and at tha same time it is wonderful to cook on. It's quite hard to keep it clean but we find it's worth it."

# The tastebud test is best

TECHNICALLY safe our tap water may be; a joy to drink it is not. So welcome to Kenwood's Ultrascreen water filter which I have been testing for the last few months.

Slightly more complicated (and expensive) than simple counter top jugs, much less complicated (and expensive) than full-blown plumbed-in systems. I have the impression it makes a real difference.

Laboratory testing is not one of my strong points. I have no impressive scientific data to offer. all I can say is that going by the simple tastebud test I like water better when it has been through the Kenwood system than straight from the tap. Our kettle, too, seems to like it better and needs only the occasional minor defurring compared with the heavy decrusting that it seemed to need before.

Kenwood, as is only right and proper, has all sorts of stalwart scientific data to offer those of a more rigorously technical turn of mind, but to put it at its simplest, the system is based on a filter cartridge that contains a patented selection of ion exchange resins which Kenwood claims "reduces a comprehensive range of impurities such as aluminium, chlorine, copper, iron, lead, mercury, nitrates and zinc."

It is the only portable table-top electronic system. It remineralises the water once it has been filtered (if you take everything out of water it tastes rather dead. remineralisation returns trace elements). In addition the pump system disperses water more evenly over the filter, resulting in more efficient filtration than gravity-fed activated carbon filters.

There are a few other points prospective buyers might like to bear in mind. Firstly, Ultrascreen, as you can see from the accompanying photograph, is larger and more cumbersome than smaller counter-top jugs – I still prefer it but others who are short of space would have to take this into consideration.

Secondly, the cost, at £59.99, is about four times that of the simplest systems and more importantly perhaps the cost of the filters is £6.99 a time. In our (mainly) two-person London household a filter seems to last about two months, which works out at under a pound a week – a price I am very happy to pay and a lot cheaper than drinking bottled water but again it should be borne in mind.

One big advantage is that the machine delivers the filtered water faster than most table top models. Ultrascreen is the only machine which alerts users to when it is time to change the filter. The built-in memory points out when the cartridges's effective life is ending.

It can be found in most good kitchen and department stores. Double packs of replacement filters can be bought for £14.99 by mail order from OAS Ltd., Bletchington, Oxford OX5 3AX. (Tel: 0869-50949).





# Designer blends

AFTER the Dualit toaster, the Philippe Starcke lemon squeezer and the Alessi kettle – welcome to tha Waring blender, latest must-have kitchen appliance for the design-conscious foodie set.

And lest that sounds too frivolous or dismissive, let me hasten to add that almost any half-way enthusiastic cook might lika to own it, too.

The Waring Professional Blender, to give its full name, saw the light of day in the US in 1935. Before long it became a kitchen classic. Sturdy, long-lasting and powerful, it was just what the eager cook needed.

Cooks love it because it has a two-speed switch and a strong and powerful commercial motor which enables it to cope with tougher foods, such as meats and pâtés.

It is also generously sized, holding 40oz, and it is simple and easy to clean – the top fits straight on to the motor base.

The design-set love it because with its heavy metal base, its thick glass and "Deco" styling it is redolent of the heyday of American soda-bar culture, the golden pre-war period when the US truly seemed the land of opportunity.

I like it best in its original chrome but it is also available in three new colours – red, blue or green.

It costs £129 from Harrods of Knightsbridge, London SW1, Divertimenti of 139/141 Fulham Road, London SW3 and Wigmore Street. For other stockists contact the importers, Robot Coupe, 62 Westbourne Grove, London W2 5SH.

***LvdP***

BOOKS

# The bible put to political use

***A.C. Grayling** admires the brillance and charm of Christopher Hill's work*

TODAY IS Christopher Hill's 82nd birthday. Longevity seems appropriate in an historian, for although reading about interesting times is almost always better than living through them, it somehow seems that the historian who does both must profit thereby. Hill has certainly done so; a figure who inspires affection, admiration and controversy in equally generous parts, he is a colossus in his special field – the history of 17th-century England – and at the same time the only Communist ever to have been Master of Balliol College, Oxford.

As if to mark his birthday with proof of sparklingly unimpaired powers, Hill here publishes another major study of the 17th century, this time on the influence of the English bible on those tumultuous times. Every characteristic of Hill's writing is on display: astonishingly wide reading, lucent prose, striking insight, compassion. And so too are the themes for which Hill has consistently argued, not least among them the conviction that the English Revolution set the pattern for revolutions to follow, in America, France and Russia, whose various makers looked back to the story of Charles I and Cromwell for their models and cautions.

The 17th century is a battlefield of controversy among historians, and Hill is one of the leading figures in the debate. The controversy's background lies in the development, in recent decades, of a "revisionist" response to the legacy of Whig history which long dominated theories about the English Revolution. Whig history is premissed on the idea that history is progress, consisting in the evolution of social and political institutions from less to more perfect forms. History is improvement; later, Whigs say, is better. Accordingly their judgment on the 17th century is that the increasing power of Parliament against the Crown represents progress, and explains the increasing liberty, wealth and influence of the English people.

This, in a nutshell, is Hill's view. He has indeed been described as "the last of the great neo-Whig historians". In his celebrated book *The Century of Revolution* he invites us to compare England at the accession of James I (1603) with England at the accession of George I about a century later. James chose his ministers as he wished; Parliament sat at the king's discretion; Crown revenues still supplied most government finance. England was a small, poor country, with a one-crop economy and little international influence. In sharp contrast, Hanoverian England was the world's greatest power, its king owed his throne to Parliament, and Parliament completely controlled the nation's government and finances.

And these, Hill argued, are only the bare bones of the story. James's leather-clad subjects became George's wearers of linen and silk. The former drank ale and dined off pewter and wood; the latter drank tea, coffee, port and gin, and furnished their dining tables with pottery and glass. By George's time knives and forks, looking-glasses and handkerchiefs were commonplace, and the Duke of Devonshire had an indoor bath with hot and cold running water. Such, palpably, is progress.

But the "revisionists" are not persuaded by the assumptions of this picture, in which the causes and consequences of the Civil War are seen in terms of Crown versus Parliament, with Puritanism providing the focus of opposition. For revisionists the picture is much more complex, with many local factors in play. The distinguished historian Conrad Russell argues that it was not a revolution that the 17th century saw, but a general breakdown prompted by three chief factors: it was no longer possible to enforce a single religion; war was no longer a private enterprise of monarchs but required funding through taxation, which fractured the financial system; and the problems of running a multiple kingdom (the Crowns of England and Scotland were united in 1603) proved as great as the very similar problems now faced by the European Community. So the Whig picture, revisionists argue, is insufficient.

THE ENGLISH BIBLE AND THE SEVENTEENTH CENTURY REVOLUTION
**by Christopher Hill**
*Viking £25, 466 pages*

Although it is right to describe Hill as a neo-Whig, his chief intellectual debt is to Marxism. Marxist historiography's premiss is that change in societies is driven by contradictions inherent within them. In the 1930s, when Hill was at the beginning of his academic career and a new member of the Communist Party, the framework of Marxist theory offered a powerful counter to "structuralist-functionalist" models in which societies are viewed as static devices for neutralising change and disorder. Although Hill left the Communist Party in 1957, his views continued to be influenced by Marxism, whose optimistic and teleological character is perfectly consistent with a Whiggish conception of history.

In his new book Hill argues that the English versions of the bible which appeared in the 16th century, and especially the "Geneva" Bible (so called because it was printed in the Protestant safety of that city, with politically radical marginal notes), had a wide impact on 17th-century society. It was put to political uses, chiefly on the side of opposition to kings and tyrants; it provided textual support for dissent; it hugely influenced literature; and finally it subverted its own authority by exposing difficulties over interpretation – for if each can read scripture his own way, its authority is no longer universal. The impact of this protean and revolutionary book was enormous and often unexpected. Hill's discussion of it is fascinating, and as usual sure to provoke debate.

In paying warm tribute to Hill as historian and teacher, Conrad Russell this week remarked that however large the difference of opinion or robust the debate in which Hill is engaged, "he always plays the ball, never the man". That is a great virtue, and among all the praises that could be heaped on the head of this doyen of English history and letters, it is an apt one to single out, for it speaks of the courtesy of his brilliance, and its charm. Hill's new book displays both these qualities in abundance.

'The Toilet of Salome', Aubrey Beardsley's illustration for Oscar Wilde's 'Salome' (1894), is one of the many Beardsley drawings in 'Fin de Siècle: the Illustrators of the Nineties' by Simon Houfe, published this week by Barrie & Jenkins (£35, 198 pages with eight colour plates and 120 black and white illustrations)

# Marble gods conquer stuffed elephants

A FOGGY day in London town. What the British Museum loses on such days is not so much its charm as the details of its exterior decoration. The conspiracy of fog, fumes and general metropolitan chiaroscuro explains why most people entering the British Museum, including museum staff, never notice that its portals are topped by a pedimental facade – and if they have noticed it, the chances are that they have never bothered to see its significance.

This pediment deserves more attention. It was designed in the mid-19th century by Sir Richard Westmacott, whose earlier work elsewhere in London includes the virile but fig-leafed statue of Wellington as Achilles in Hyde Park. Westmacott's theme for the British Museum entrance was The Progress of Civilisation. The viewer is intended to begin at the Eastern end, where man is seen crawling out from the primal slime. Man sheds the slime to indulge in hunting and farming; then, in a pagan but intellectually enlightened state, he studies astronomy, as personified by the central figures of the pediment. Thence issue mathematics, manufacturing, drama, poetry and music. Finally, there is the discipline of natural history. By the time he reaches the Western angle of the Westmacott pediment, man is reckoned to be well on the way to a civilised existence.

Since the British Museum was originally founded for "the advancement of the study of Natural History", this was an appropriate order of things. But natural history was already having trouble in retaining its eminence within the Museum. The arrival of the Elgin Marbles, and the steady accumulation of other antiquities throughout the first half of the 19th century, undermined the original *raison d'être* of the Museum. A contest ensued, between marble gods and stuffed elephants: the gods won and, while the elephants were trundled off to Kensington, ample new premises were designed for statues previously accustomed to the ambrosial heights of the Athenian Acropolis.

Well: this was, after all, the same period in which John Stuart Mill asserted that the fifth-century BC Battle of Marathon (when Greeks held off a Persian invasion which might conceivably have proceeded into Europe) was a more important event in British history than the Battle of Hastings. British public schools were Spartan and the British constitution, an empire-building structure operating from a restricted democratic base, was obsessed with its Classical Athenian prototype. Though Gothic put up a good fight, the Classical architectural orders were bullying their way all over the country. Small wonder that the fossils and the stuffed elephants were dislodged from their Bloomsbury home. Almost as soon as it went up, Westmacott's pediment was outmoded by an aesthetic of reverence for the Parthenon sculptures.

ARCHAEOLOGISTS AND AESTHETES
**by Ian Jenkins**
*British Museum Press £25, 264 pages*

The story of this process is unfolded with great expertise in this book by Ian Jenkins, one of the curators of Greek and Roman Antiquities at the British Museum. Jenkins explores the dilemma posed for Classically-educated Victorians: whether to salute fifth-century BC Athens as an absolute, an apogée, or recognise the linear inevitability of Darwinian progress. And he traces the development of another problem for museum directors: if Classical Greek art was perfection, where was one to put the also increasing quantities of Oriental and Near Eastern relics?

Lord Elgin, as is now generally recognised, was driven not so much by aristocratic cupidity as by a wish to place before the British public exemplars of perfection, and a desire to encourage a renaissance of the arts in Britain. He would have been comforted by some of the statistics revealed by Jenkins: for instance, that in 1879 permission to sketch Classical sculptures in the Museum was granted to some 15,000 art students. But creating a grand chain of progress in art, whereby Egypt was linked to Greece via Assyria, proved beyond Victorian ingenuity; and the hope that Greece might one day be capped by the glories of British art was never remotely sustained by the virtuosi of the day, however assiduous in their Neo-classicism.

"No longer is the art of one people judged the inferior of another, but each is taken on its own terms." Thus Jenkins nods towards present canons of intellectual respectability, which dictate that anyone who visits the British Museum ought to spend as much time in front of the colossal monsters from Nimrud as with the Elgin marbles.

But, having displaced the stuffed elephants, the Athenian gods and heroes still enjoy a special status within the Museum. Although the "Valhalla" designed for them in 1933 at the expense of Lord Duveen was modified to make them more accessible to the public gaze, the present setting of the Elgin marbles continues to nourish a sense of particular veneration for them. The sheer spaciousness of the Duveen gallery argues that its contents are examples of very rare and difficult art. It may be that, a century hence, the dynamics of taste and cultural relativism will have caused further reorganisation within the Museum; possibly, the Elgin marbles will not be there at all.

But a museum, over time, becomes a relic in its own right. What Ian Jenkins has done is a self-reflexive exercise. He is a curator involved, as it were, with the curatorship of past curators. The results of his research are worth reading by anyone for whom the British Museum has ever furnished delight and discovery.

***Nigel Spivey***

# Imperial distortions

FIFTEEN years ago Professor Edward Said, a Palestinian based at Columbia, published a fashionable, even influential, book called *Orientalism*. In *Culture and Imperialism* he develops and broadens some of the themes of that book so as to analyse, with references galore to literature and in particular to the Western novel, the relationship between the imperial powers and their dependencies.

"Without empire..." he writes with typical assurance, "there is no European novel as we know it... The novel, as a cultural artefact of bourgeois society, and imperialism are unthinkable without each other..."

Which, if you think about it, is not really true. Said starts early with an example of his approach: in *Mansfield Park* (which one might have thought was a pre-imperial book) he declares that Sir Thomas Bertram's plantation in Antigua is central to Jane Austen's conception of metropolitan England's peace and stability. Is that insight helpful? I suspect not. He goes on, of course, to discuss writers more apparently imperial in setting and concerns: Kipling, Verdi (for *Aida*), Conrad and, in due course, Forster, Yeats, Camus, Achebe, Malraux, C.L.R. James, Fanon, and so on.

Said is careful to claim that he responds to his chosen novels first and foremost as valued products of the creative imagination: only then, he says, does he set them in the *imperial* context and without condemning them for that colonial connection. But there is something depressingly limiting about this political view of the greatest literature: the "darkness" whose heart was explored by Conrad, for instance, is surely diminished if it is interpreted merely in terms of a non-European society resisting imperialism.

Take *Kim* as a better example, to which the professor devotes a long section. I recall him describing *Kim* in an earlier publication as "a profoundly embarrassing novel". It is good to find that he may have changed his mind: he now seems to admit that *Kim* is one of the greatest novels of our age – it is an astonishingly under-esteemed book, perhaps because it can be foolishly filed on the children's shelves – but it is also alarming to discover the limits of Said's response.

CULTURE AND IMPERIALISM
**by Edward W Said**
*Chatto & Windus £20, 444 pages*

Kipling, we are assured, "assumes a basically uncontested empire"; the Lama is placed "within the protective orbit of British rule in India" (see the Lahore Curator giving him those symbolic spectacles!); Kim is a "liminal" figure whose role is to help maintain the bonds of society; at the moment of his crisis – "And what is Kim?" – he goes through "a ceremony of reappropriation, Britain ... taking hold once again in India" and so achieves the "function of being a Sahib in colonial India". This sort of acado-speak nonsense sublimely misses the point, which is that *we* are attending Kim's *re-birth*, as even the younger readers will have noticed. The boy *and* the old man have simultaneously come close to death and are now about to achieve their separate quests – the passage to manhood and the confronting of death, the two great journeys in all our lives, and nothing to do with being a Sahib.

This politico-historical approach to a masterpiece is so inadequate that it distorts and diminishes it, and it is an approach which is too typical of the rest of the book: you can imagine what Said does with the young Marlow's admission in *Heart of Darkness* that he always wanted to fill in the blank spaces on the map, or Mr Gould blowing up his own mine in *Nostromo*.

It is true, of course, that the novel of the 19th and early 20th centuries contains frequent references to the fact of empire. Said focuses on Britain, and to a lesser extent France and America, and is justified in arguing that the empire is always there, like the servants, undiscussed, in a great house. In the earlier period he grants that the empire is available to the novelist but not always central; after the mid-19th century it becomes a principal subject of attention. He is also right to argue that the careful study of cultural imperialism can help us "draw conclusions that enrich and sharpen our reading of major cultural texts..."

But there's too little pleasure, stimulus, excitement, for the lay as opposed to the academic reader. The professor's tendency to repeat himself is the least of the problems. Too often, reading Said is like climbing a sand dune. For all the exotic location, it is surprisingly exhausting; you are constantly slipping back and when at last you get to the top, you find you have expended enough energy to get you up a real mountain, only to find that this isn't a mountain and that the view is disappointing.

***J.D.F. Jones***

Fiction/**Nicholas Best**

# Tales of war and the unexpected

REBEL
**by Bernard Cornwell**
*HarperCollins £9.99, 308 pages*

THE NIGHT
**by Terence Stamp**
*Phoenix House £14.99, 228 pages*

THE BLACK COOK'S HISTORIAN
**by Graeme Rigby**
*Constable £13.99, 175 pages*

RAVEN
**by Thomas Strittmatter**
*Chatto & Windus £9.99, 249 pages*

OLD SOLDIERS never die, especially not heroes of historical sagas. They simply go on for ever, enjoying a vigorous shelf life long after the last trumpet has sounded, the last battle been won. And when the battle is Waterloo, as it was for Richard Sharpe after a dozen best-selling novels by Bernard Cornwell, there was clearly nothing for his creator to do but put the old boy out to grass and go back to the drawing board again with a different soldier, different war, different country altogether.

*Rebel* is the result, the first in a Sharpe-like series intended to chronicle the American civil war through the eyes of Nate Starbuck, a refugee from Yale Divinity School, who has come south in pursuit of a woman and finds himself stranded in Richmond just as the first shots are fired at Fort Sumter.

Nate's father is a fire and brimstone Yankee preacher, loathed all over the South (and by Nate himself) for the virulence of his opposition to slavery. Rather than be tarred and feathered as his father's son, Nate elects to join the Confederate army instead, enlisting in a private regiment raised by the father of an old Yale friend. They shoulder arms and march towards Bull Run, where Nate's brother is serving on the other side...

It's the formula much as before, in fact, a nice picture of fighting on the front, lots of action between the covers, plenty going on to keep the reader thoroughly absorbed. The author is not quite in the Margaret Mitchell class – he cannot match the tension and excitement of *Gone With The Wind* – but the book is perfectly convincing all the same, a sure-fire best-seller if ever there was one. No doubt Rebel Yell will follow in due course, and Johnny Rebel after that and – well, you could almost name the rest yourselves.

Less predictable is Terence Stamp, who after three volumes of autobiography has decided to try his hand at a novel, and a rather unusual one at that. Billed as a philosophical comedy, *The Night* tells the story of a dinner party in Holland Park, and of the eight somewhat freaky people who attend it.

Chief among them is Zeno, an actor/pop singer with a background not unlike Stamp's own, who is into circadian rhythms and 16 different kinds of herb in his Ayurvedic toothpaste. There is also Captain Toby, about whose private life the less said the better, promiscuous Fleur, homosexual Mr Rose and ladies' man Nick, who has been known to get through 14 women at one time, and only two of them disappointed.

Quite a night, by the time it is over. Stamp enjoys himself hugely at his characters' expense and as a welcome bonus reveals a closet intellectual beneath his own handsome exterior. He is into equinoxes, reincarnation, Jung, R.D. Laing, dukkerinas, Jim Morrison and the earth's electromagnetic field, among other concepts. His characters may not always seem entirely believable to the average reader, but the author moves in exotic circles, so what appears markedly eccentric to the rest of us may well seem quite normal to him.

Terence Stamp: quite a night at a freaky dinner party for eight

*The Black Cook's Historian* is an unusual story as well. It charts the career of an 18th century Englishman sold to the press gang and forced to work as galley slave to the cook of the title. Not for long however, because the cook poisons their captors and takes command of the ship himself, setting all the slaves free. They sail away to establish a new Carthage, taking the Englishman with them. It is an intriguing tale, told with a poet's eye for detail, and has already won the Constable prize, awarded biennially for the best unpublished novel from the north of England.

Thomas Strittmatter's *Raven* is a first novel from Germany (translated by Ian Mitchell) and reads like it too. Its theme is adolescence and early adulthood, as experienced by a bunch of misfits glimpsed first at school, then in a series of low-grade jobs leading nowhere. There are quite a few jokes along the way, but the author's disjointed style and rambling, nihilistic approach leave one wondering what on earth it's all about in the end.

Crime

# Forced into sleuthing

WHEN THE protagonist of a detection novel is not a police agent but a private citizen, the author is always obliged to explain why he or she does not simply call the cops. A frequent answer is: because there aren't any. Perhaps the murder takes place in a remote house, isolated by a blizzard (*The Mouse Trap*), or on an island where the telephone lines to the mainland have been cut (*And Then There Were None*), or perhaps the principals are in a foreign country where the forces of law and order are corrupt and unreliable.

In two recent first novels, the authors seem hard put to make their answers plausible. Bronte Adams, whose **Brought to Book** (*Virago* £5.99, 232 pages) includes a lot of wry, convincing detail about life in the world of book publishing, invents an unlikely one-eyed heroine who gets herself into the most absurd punishments rather than risk involving the incredibly suspicious police. The author does not lack a gift for invention; there is enough plot for half a dozen murder stories, the setting is well established, and the sheer absurdity of much of the story (the idea of a one-eyed girl trying to conceal her identity!) makes it fun to read.

Sarah Lacey's debut novel, **File Under Deceased** (*Hodder & Stoughton* £14.99, 186 pages), is traditionally and effectively laid out, though here, too, the intrepid Leah Hunter, virtually forced into sleuthing, seems particularly wilful in not collaborating with the police, especially since she finds the sergeant attractive. The small town setting in Yorkshire is established with real authority, and the social layers of the constricted society are as distinct as the tiers of a cake. The plot is a bit thick, but the novel suggests a real talent. In Lacey's next one, the tough but golden-hearted Sarah will presumably work hand-in-hand with sergeant Nicholls. He may even have won a promotion.

***William Weaver***

# Love off the couch

R D LAING AND ME: LESSONS IN LOVE
**by Roberta Russell**
*Airlift Book Company £16.95/ £12.95, 306 pages*

WHEN Roberta Russell, a New York-bred psychology major and marketing consultant in her late 30s, first met the revolutionary psychiatrist R.D. Laing in 1980, he was 53, with his fame dwindling and his marriage nearing the rocks. As she was heavily overweight and desperately seeking a man to share her life, whilst he was drinking too much and earning too little, she proposed a game plan of co-counselling in which she would work at doubling his income while he was supposed to help her lose weight.

He agreed to give her some time and tape-record dialogues that might make up a book. As these sporadically progressed, she found his "attention, commitment and good intentions were my allies in the battle against my persistent resistance to taking my own common-sense advice". She eventually spent two months on protein malts and a mile of swimming a day, and lost her hated 35 lbs – but did little to alleviate Laing's problems.

Toward the end of the book – and of their third year of acquaintance – he stayed with her for a week in Manhattan and, for the first time, Russell goes all coy: "Of course, I cannot really describe the luxury of this experience, but it changed me forever." Since we have been led to expect this ultimate lesson in love from the outset, and since she has been spilling everyone else's domestic and socio-sexual beans, along with vastly debatable interpretations, this discreet veil is a bit thick.

But despite Russell's gooey sentiments and ponderous psycho-babble, her actual conversations with Laing turn the better half of this volume (which he urged her to complete on her own just before his death in 1989) into an absorbing document for anyone interested in the maverick polymath's later development.

Laing originated the liberation of mental patients from unthinking subjection to drugs, ECT and lobotomies in favour of more caring individual considerations and long-term healing. Russell's record suggests how much remains worth learning from him by non-specialists, too. His *Divided Self* (1960) remains an indispensable manual for dealing with schizophrenia, even though he never pretended to be able to resolve his own conflicts – let alone to redeem what he experienced as "the injustices of love."

***Michael Horovitz***

Rusty Cundieff's satirical rap 'mockumentary': 'NWH: Fear of a Black Hat'

# Stars shine out in Sundance

*David D'Arcy finds all Hollywood in Park City, Utah, talent spotting at the film festival*

TONY Chan shot his first feature film, *Combination Platter*, in his parents' Chinese restaurant in Queens, New York for $200,000. The unsentimental film has no stars – the lead is a fulltime stockbroker – and its humour hinges on an Asian-American's perspective, but the 24-year-old Chan has already been approached by three distribntors interested in his movie, and by Hollywood agents interested in him.

Dozens of Hollywood talent agents and studio executives crowded into the Utah mountain town Park City last month, viewing everything from the playwright Sam Shepherd'e debut as a film director to two filmmakers' grim home movie of their own deterioration from AIDS.

Why was Hollywood in Park City? The stndio people were among the 5000 film makers, producers and others at the 1993 Sundance Film Festival, an event created so that film makers working outside the Hollywood system could see each other'e films. Now Hollywood cannot afford not to be here to tap this talent pool.

This year'a awards reflect the festival's range. *Ruby in Paradise*, about a young woman who flees a backward Appalachia for a Florida resort, shared the dramatic feature Jury prize with *Public Access*, the tale of a handsome stranger turned psychokiller in a typical American town. Documentary awards went to *Silverlake Life* and to *Children of Fate: Life and Death in a Sicilian Family*, abont three generations of poverty in a now-leveled Palermo slum.

Twelve years ago the actor Robert Redford took over a foundering film festival here, and developed the Sundance Institute alongside it, to incubate and promote the work of young screenwriters outside the narrow confines of the studios. The festival accomplished that quietly, introdncing David Lynch, Wayne Wang and Jim Jarmusch, among others, to sympathetic critics and distributors.

It was after one young director's first film called *sex, lies and videotape* charmed Park City in 1989 and went on to take in more than $60 million at the box office that Hollywood began to pay attention. Attendance has risen 30 per cent a year since. Critics located the promise of American cinema there more than a decade ago, and now the box office is confirming that judgment. The big studios' growing emphasis on high bndget blockbusters has also driven more modest ones into independents' hands. Actors in search of challenging roles are natural allies. The term "independent film" has become hard to define: the Hollywood "independent" producer's $10-million movie now shows alongside the $25,000 gay road odyssey at Sundance.

Still, if the festival's mission has been to take independent films beyond their perennial art house audience, then Sundance has been a success. A dozen films from last year's festival had national releases, among them Errol Morris's documentary biography of Stephen Hawking, *A Brief History of Time*, and *Reservoir Dogs*, the bloody heist film debut of Quontin Tarantino. At least another dozen will get into theatres this year.

Besides *Combination Platter*, the 1993 feature competition incinded *Twenty Ducks*, a picaresque link of vignettes focusing on a twenty-dollar bill changing hands over the course of several days in Los Angeles. Like many American independent films, this was a twist on a well-worn story. The Spanish-language Texan film *El Mariachi* offered its own version of the gangster theme, when an itinerant musician in a border town finds drug dealers' guns in his guitar case. *El Mariachi's* 24 year-old director, Robert Rodriguez, has been hired by Columbia Pictures to direct a higher priced remake of his own script. Columbi has also bought his next screenplay.

Along with the work of precocious novices, Sundance also screened films by veterans such as Victor Nunez, of Tallahassee, Florida, who helped start the independent film movement more than 20 years ago. Nunez's *Ruby in Paradise* follows a young woman adjusting to strange surroundings with a slow, meandering pace that an impatient studio would want to accelerate. Curiously, Hollywood is now courting the director who turned his back on its way of telling a story.

The competition also presented *Boxing Helena*, the debut of Jennifer Chambers Lynch, the 24-year-old daughter of David Lynch. Not surprisingly, Ms Lynch's lushly shot drama deals with a case of obsession: a respected surgeon's desire for a petulant vixen who despises him. Madonna was the first choice; but Sherilynn Fenn ended up in the part, alongside Julian Sands as the doctor. The two approach their roles in earnest, but the audiences seemed amused rather than terrified, even as the lovestruck surgeon performed a series of mutilations on Ms Fenn.

Ms Lynch's film was not the only one at Sundance to be heunted by her father'e presence. Other offerings featured bizarre "stranger in town" characters who turn out to be psychopaths or angry young men with guns at the ready. This twentysomething generation has already been dubbed the year's emerging trend. Others fault that group for exploiting sheer strangeness or violence to gain attention, with screenwriting only an afterthought.

Sundance's strength this year lay in its documentary competition. Leading the field was Nick Broomfield's response to America's mania for publicising appalling crimes, *Aileen Wuornos: The Selling of a Serial Killer*. Wuornos is a former Florida prostitute condemned to death for killing seven male clients. Wuornos claims self-defence, but the media have branded her "America's first female serial killer." Her notoriety proved to be an asset. The police had sought to sell the film rights to her story even before they arrested her. Also cashing in are a woman who had adopted Wuornos; and Wuornos' lawyer, an obese former rock musician who advised her to plead no-contest. Both of them are paid on-camera for arranging interviews for Broomfield.

Not all the Sundance documentaries were so serious. Some were even fictional, such as the satirical rap "mockumentary" *NWH: Fear of a Black Hat* by Rusty Cundieff. *NWH* stands for *Niggas With Hats*, a parody of the controversial group "NWA," "Niggas With Attitude." *Fear of a Black Hat* targets rap's notorious misogyny and its mania for "badness." Some real rappers have said that they have been stereotyped negatively by the 28-year-old Cundieff, a comedian who wrote the screenplay, directed, and stars as the belligerent rapper Ice Cold.

As a first-time black independent filmmaker, Cundieff fits the Sundance profile. He also breaks it, since *Fear of a Black Hat* could emerge as a mass-audience hit, like the earlier movie it parodies, *This is Spinal Tap*.

With diversity in independent film comes conflict. Young filmmakers bristle at charges that they are selling out, becoming "Hollywood directors for hire". Women filmmakers attack the violence that new directors often use as a trademark, and racial minorities and homosexuals clamour for equal time.

With technology's expansion of low-budget filmmaking, this splintering is a natural development. It suggests that Sundance has fulfilled its mission. But the needs of Hollywood itself for ideas and talent may end up sustaining the festival.

## Off the Wall/**Antony Thorncroft**

# Alarm bells for real

AFTER more cries of wolf than even Dracula could manage, arts organisations throughout the UK could finally be in real trouble in the next few weeks.

The local authorities give over £300m a year to the arts, more than the Arts Council, and in recent years many have started to be proud of this expenditure. Glasgow, Birmingham, Manchester and Leeds are just some of the cities that have spent heavily on the arts to raise their profile to draw in business investment and tourist expenditure.

But remorseless cuts in government funding, and the need for local authorities to concentrate resources on front line activities like housing and welfare, mean that the arts could suffer real damage in 1993-94. The final decisions will not be made for a month or so but the alarm bells are ringing furiously around the land.

London seems certain to be badly hit, with the boroughs of Brent, Hounslow, Lambeth, Camden and Hammersmith giving most cause for concern. It is the arts centres receiving over £100,000 a year, like the Tricycle Theatre in Brent and the Watermans in Hounslow, which are biting their nails. The Young Vic in Lambeth and the Greenwich Festival are also in the frame for cuts.

They are unlikely to lose all, but reductions of up to 30 per cent could decimate their activities. The Arts Council has made clear that it cannot increase its 1993-94 grants, which it has already announced. Nor can the London Arts Board. There is talk of the loss of one major arts venue in the next few months.

Outside the capital, the Victoria Theatre in Stoke, the Octagon in Bolton, the Crucible and Lyceum theatres in Sheffield, and the Bristol Old Vic are thought to be vulnerable to reduced grants. In Manchester the council seems to have singled out the Library and Forum theatres, and Liverpool is in its usual knife-edge state. The Bournemouth Orchestra is very concerned, and even the famed arts of Birmingham are not regarded as immune from the Council's declared cuts in its budget.

Perhaps the greatest devastation will occur in towns like Harlow and Milton Keynes where the necessary cost savings could only be achieved by halving or eliminating altogether arts expenditure. Activities like theatre in schools are an obvious candidate for the chop following reductions in the education budget in Greater Manchester and elsewhere.

What makes the situation much more serious this year is that alternative sources of funding are just not there. The Arts Council has pegged its grants to an average 2.5 per cent rise; commercial sponsorship is much harder to come by; and box office revenue is falling virtually everywhere. There is also the knowledge that the Arts Council faces an actual reduction in its grant for 1994-95. Many arts companies, and local authorities, feel that if the situation is likely to deteriorate further, it is hardly worth trying to struggle through this year.

The combination could lead to closures. But its more insidious effect will be to make theatres, orchestras, dance companies, and opera houses play safe, presenting traditionally popular works for longer periods and avoiding the new and the challenging. It is a short term solution which will lead to a long term disaffection with the arts.

*Remorseless cuts in government funding mean that the arts could suffer real damage*

All this is just one more headache for the Heritage Secretary Peter Brooke who so far has shown himself to be a lack lustre defender of the arts, in thrall to his civil servants. If he could promise to restore cash growth in 1994-95 the will to live would be stronger. As things stand the Arts Council might well avert its gaze if a flagship arts company goes to the wall, in the hope that a first rate crisis will force the government to take funding the arts more seriously.

★

On March 21 Radio 3 is transmitting *The Hammer*, a gothic thriller presented by the touring drama company Red Shift Theatre. Independent productions have started to infiltrate the very soul of BBC Radio.

This is partly a matter of cost saving; partly an attempt to widen the creative input. It is strange that with all the new plays appearing on the Fringe, or even in sizeable theatres, few get a radio airing. If anything the flow has been the other way. Howard Barker's *Scenes from an Execution* started on the radio before being fleshed out by Glenda Jackson at the Almeida last year, and the Traverse in Edinburgh will soon play host to Tom Courtney in *Moscow Station*, a Radio 3 production of last summer.

*The Hammer*, which atars Martin Jarvis and Bill Nighy, is produced by Essential Prodnctions, which sees radio as wide open for independent producers. And not just in drama: coming up shortly is Radio 3's first independent music series, *Re-wind*, hosted by singer Robert Tear.

What has slowed the process is the lack of experience of working in radio by theatre and music directors. But the situation in the UK is paradise compared with American radio which is totally monopolised by music, usually from the pop charts.

A few years ago a group of Hollywood actors set up LA Theatre Works in an attempt to create a domestic radio drama industry. Naturally they looked to the BBC for advice and commissions and a succession of movie names, like Richard Dreyfus, periodically quit LA for a week or so to record in London. This month Walter Matthau makes his radio debut at the age of 72 in a Fay Weldon play, *The Hole in the Top of the World*.

★

Like many other businesses the Edinburgh Festival is currently in thrall to the slump in eterling. Its fall has raised the cost of some planned events by 20 per cent and makes it difficult to confirm whether visits from overseas companies are financially viable. Bnt Edinburgh has boldly announced the bones of the 1993 Festival, the first in which the hand of new director Brian McMaster is visible.

No surprise that there is no one big overwhelming theme, and no surprise that opera is prominent, which reflects both McMaster'a taste, and research suggesting that opera pulled in visitors who then added on other events. A highlight is "Verdi – from first to last", starting with his first, very rare *Oberto*, ending with *Falstaff*, with three in between. There is also a Schubert meets Janáček theme, and anticipated visits by 14 major orchestras bringing in their train Tennstedt, Schiff, Lott, Donohoe, and more.

In theatre directors are named but not their plays. They are an impressive international quartet – Peter Stein, Robert Lepage, Klaus Michael Gruber and Robert Wilson. In dance the Mark Morris group makes a swift return after its 1992 success and also from the US there is a debut by the Bill T. Jones/Arnie Zane Company.

## Short Stories/**Gerard Gardiner**

# Cinderellas of the trade

IT IS tempting to believe that the British short story is enjoying a renaissance. An enthusiastic audience gathered yesterday evening for readings at the *Purcell Room*, and another will assemble tonight to hear Rose Tremain, Joyce Carol Oates and Barbara Kingsolver. A season of readings is planned at the Voice Box. Competitions are popping up all over the place. And bookshops are dedicating shelves to anthologies – Latin American, South African, Russian, women's and more are due this year.

But much of this is froth. Literary awards favonr the novel, and short story writers are the Cinderellas of the publishing industry.

There are three broad categories of anthology: foreign, mixed, and single-author collections. The latter are typically bought by readers who are addicted to the novels of a particular writer, and who would happily read a car-maintenance manual if it had the right name on the cover. They lead a poor field. Anthologies of foreign fiction are used by adventurous readers to sample new writers before shelling-out for a novel.

Bringing up the rear are the indigenous breeds: Malcolm Bradbury's *Modern British Short Stories* is a sturdy contender among these because students have to buy it for courses; anthologies targeted at specific readerships (women or gays) follow closely behind; thematic anthologies, like the Serpent's Tail series, make up the numbers as do showcases for new writing, like the Faber and Heinemann/Minerva series. Lumbering in last are anthologies of competition winners. Novels romp home, clear winners, every time.

*Reputations* sell literary fiction, and reputations are built on novels. Those few writers who specialise in short stories, like V.S. Pritchett and William Trevor, are denied the acclaim heaped on novelists. And the publishing industry compounds the problem by treating the short story as a suitable medium for beginners, or failed poets.

American attitudes are, and always have been, more enlightened. The editor of *Granta*, Bill Buford, is familiar with approaches on both sides of the Atlantic: "Stories here tend to be commission-generated, and generally as inspiring as the commissions; *Spring, First Love*. The respect is missing."

The form is invigorated in the US by a plethora of publications. Preeminent among these is the *New Yorker*, which publishes at least one story each week and performs three vital functions: it attracts a wide, varied readerehip; it introduces new writers; and it funds them to continue writing (it pays $1 per word, with higher rates for pieces under 2500 words).

There is no equivalent British vehicle. With a payment rate of between £500 and £2000, *Granta* is the most generous magazine here. Its circulation is 100,000, but unlike the *New Yorker* most of its readers are academics, writers or journalists. Other specialist literary magazines have small circulations; and the *London Review of Books* now rarely publishes ehort fiction. Womens magazines choose fiction which blends with their tone, so no publication exists to promote the literary short story.

Radio 4 is the largest patron, but there are severe constraints on writing for radio. Duncan Minshull, who produces the daily ehort story, receives between 100 and 150 manuscripts each week, few of which suit the specific requirements of his 15-minnte programme: pieces must be 2100 words long, with a simple plot and fast narrative pace, tales rather than sketches. However, the most debilitating restriction on writing for that format is the impossibility of allowing pieces to develop organically to the right length.

*Minshull increasingly commissions from writers whom he knows will produce good material*, so the outlet bears an uncomfortable resemblance to journalism. Yet he still manages to find excellent pieces, good enough to publish a selection, *Telling Stories*.

*Telling Stories* sold extremely well for a short story anthology – around 10,000 copies demonstrates the existence of a market for short fiction.

*Reputations sell literary fiction and reputations are built on novels; the publishing industry compounds the problem by treating the short story as a medium for beginners*

The other main outlet is the leading publisher of thematic anthologies, Serpent's Tail. Its trade paperbacks comprise a handful of pieces from established authors, together with abont 15 contributions from less well-known writers whom they hope to introduce to a wider readership. Yet sales of these may only reach a few thousand copies: the *New Yorker*'s circulation is 600,000.

Competitions bring new talent to light, and some publish winners. They are scanned, together with magazines, hy those literary agents who are keen to advocate the form. Giles Gordon of Shell Land constantly watches for gifted new writers, many of whom *find their way into the Heinemann/Minerva* anthology which he edits.

The Ian St. James awards created a buzz when they were initiated in 1979. The prizes are dizzying: £7000 and £3000 for winners of the longer and shorter categories respectively, with awards last year totalling £64,300. The competition is a fine incentive to unpublished writers, for whom it was created, *but because prize money* is dispersed over several individuals, no single prize is sufficiently large to capture media interest for a sustained period to elevate awareness of the form.

Giles Gordon believes that while sales of hardback fiction have decreased – a new novel will only sell around 400 copies – single-author collections of stories have held their own. This seems quite likely; British cultural habits are becoming more American, and, clichéd though it might seem, short fiction is more suited to urban life-styles. Yet there remains a powerful, and irrational, public resistance to the short story, and no number of dedicated writers, publishers, editors or agents seem likely to dent it.

Despite derisory rates of payment, and the lack of outlets like the *New Yorker*, exciting ahort fiction is emerging. Ian McEwan, Adam *Mars-Jonas and Georgina* Hammick are among the few who achieved prominence firstly through their short fiction, though McEwan abandoned the form to concentrate on novels. James Kelman's *Not Not While The Giro* was a dazzling display, but Kelman was only really celebrated when he had also written novels. And John Fuller, Mars-Jones and others are experimenting, linking pieces together into coherent, novel length works.

Mars-Jones prefers the short form because it does not invite readers to immerse themselves in a fictional world; they are "always aware of the outside edges", as he puts it. Yet the publishing machine exerts considerable pressure on him to grow up and write proper books – novels. He wrote one, which is published by Faber this June, and now worries that it will be reviewed as "ehort stories in drag". He sums up the British practice neatly: "The short story is a bouquet given by pnblishers to successful authors".

Tonight's audience at the South Bank may emerge satisfied, bnt unless British complacency is redressed, the short story will never flourish here like its American cousin. An award attracting the same status and media attention as the Booker Prize but targetted at story collections would be one boost. Another would be a decision by the Sunday supplements to publish good – really good – short fiction.

# 'Flute' minus magic

***Timothy Pfaff** on the new Scarfe/Hall production in LA*

FEATHERS AND all, Papageno is the most normal-looking and theatrically credible character in Peter Hall's new production of *The Magic Flute* at the Los Angeles Music Center Opera. Despite the director's traditional, straightforward and often fine-grained staging of the opera, Gerald Scarfe's designs anchor the prodoction in the world of the cartoon. In contrast to what one can divine of Hall's, Scarfe's is scarcely an allegorical *Flute*, no less but no more a parable of the human psyche than an episode of *The Simpsons*.

Tha production seems to have been gauged more to a clichéd perception of its Los Angeles public than to Hall's more earnestly expository sensibility. What magic there is is of the Disneyland and Hollywood variety. After a first-scene snake of *Ring*-Wurm proportions and neo-Baroque decoration, the ensuing menagerie – animal and human – is an amalgam of surreal animation, classic-film imagery and robotic, *Star Wars* futurism.

On their own terms, Scarfe's modishly colourful designs are striking, visually integrated, consistently amusing and intermittently engaging. But Hall's story-telling literally comes up against them. When they do not dwarf the human characters, they pose daunting physical hurdles.

It is all so much fun that the first indication of anything serious about Mozart's last opera is in the Act 1 finale, when the Priest confronts Tamino on the latter's first approach to the temples. The trials by water and fire seem perfunctory, and there is something Peter Pan-ish about the culminating transformation and would-be enlightenment.

When he is not steering his characters through the sets and around the props, Hall achieves some telling strokes with his talented singing actors. Tamino's silence before his uncomprehending Pamina – and the silence he later attempts to enforce from a differently uncomprehending Papageno – are affecting. And the priests' barring Pamina from the temple strikes an original (if somewhat jarringly modern) note.

But the production imposes coarseness on moments one senses Hall might otherwise have staged with more finesse. The first view of Monostatos, costumed as a bloated purple frog with a chartreuse, lizard-like head, menacing Pamina who is sporting a white Valkyrie brassiere and an outsized blond wig, has visual overtones of King Kong and Fay Wray that lame both characters.

The cast, all in white face, is vocally strong. In what is in effect Papageno's show, Rodney Gilfrey responds with a beautifully voiced, finely inflected yet welcomaly unexaggerated bird catcher. Despite a cone-headed red wig, Kurt Streit emerges an ardent, poetic Tamino. Ann Panagulias, in clear, shining voice, is a Pamina of uncommon passion (undercut slightly by a jeunty tempo in "Ach, Ich fühl's"). Harry Peters' sympathetic Sarastro, Sumi Jo's accurate, oddly touching Queen of the Night, and Dale Franzen's pert Papagena are rewarding. The chorus is stirring in "O Isis, und Osiris."

The Los Angeles Chamber Orchestra plays splendidly for Randall Behr. After a somewhat distended overture, the conductor settles for accompaniment over interpretation. Hall's production, his first *Flute* in 27 years, never quite decides whether it is serious – every word of the German dialogue is included – or popular entertainment. Scarfe's designs determines it: full of effects, but little magic.

Rodney Gilfrey: It is Papageno's show, feathers and all

## Theatre/Malcolm Rutherford

# An alternative 'tv' man

EDDIE IZZARD, the stand-up comic playing at the Ambassadors, calls himself a tv man, by which he means transvestite not television. He has a mop of blond hair with an engaging fringe that could be female. He wears a black tunic with a plunging neckline and gold buttons, black tights and highish heels. The earings are discrete and the nail varnish more pink than red.

The transvestite jokes run very well for about quarter of an hour. When he thought about coming out of the closet, he says that some people suggested a better term would be coming out of the lounge. He also claims to be dyslexic and not quite sure what transvestism means: transistorism perhaps? As quickly becomes clear, he is a very good comedian who has to dress somehow. References to television take over from the other form of tv very early on. The Daleks and Dr Who are never far away from his act.

Izzard has a number of fascinations. In no particular order, they include religion, dinosaurs, small insects and, above all, language and ordinary human behaviour. Oddly engough for a satirist, politics is scarcely mentioned: John Major not at all.

He can probably beat a Jehovah's Witness on a Sunday morning game, set and match. For the Witnesses, as he correctly points out, have no new thought input, whereas he can talk for two days at a stretch and is bursting with irrelevant information: hence their retreat from his doorstep.

Reverting to dyslexia, he suggests that invisible letters would be just as logical. He has a brief go at the Queen and her *onnus horribilis*. Where did she get that from? She knocked it out as if we all say it all the time. There is other fun with Latin tags. In his brief history of evolution, he stresses tha role of *homo 45 degreesus*.

Izzard is at his best on London transport and the current wave of disruptions. He thinks there is a conspiracy to place nutty people on buses, but that civilised people have a way of dealing with them: they simply stare straight ahead. Izzard stares, as he does all his acting, very convincingly.

Like most stand-up comics in a theatre, he goes on too long – a good 2½ hours. He proably knows it. There is a splendid moment at the end when he threatens to come back for a third act. His technique is to pretend to be disorderly while more or less maintaining the threads. I did not laugh out loud quite as much as some of the audience, but the chuckle level is high.

# New face for Toronto

ON January 24 the Art Gallery of Ontario unveiled its new face to the world. A controversial and long drawn-out project of renovation and expansion has finally been completed – minus some trimmings. Costed originally at $38m, the eventual cost was $58m. The AGO triumphantly reemerges as one of the ten largest public art museums in North America.

To one side, the AGO abuts a thoroughly English early 19th-century brick mansion, The Grange. In the early 1900s, a wealthy widow, Henrietta Goldwin Smith, was prevailed upon to make it over to a group of philanthropists looking for a home for the city's embryo art-collection.

The view from the other side of the AGO tells a different story. The main facade on Dundas Street surveys the bustling life of Toronto's Chinatown. Its art gallery straddles two worlds, the city's anglophone, conservative past and its new, fast-changing, polyglot vitality. Behind the glamour of a gala reopening party lie two urgent and related problems: first, making the AGO relevant to a wider public and, second, balancing the books.

In July, the AGO closed for seven months and sacked more than half its staff in response to a $4.3m deficit. The AGO wanted a $6m increase in its operating grant but the response was only a $1m increase. An independent task-force set up by Ontario's Minister of Culture recognised the gallery was under-funded, but charged it to raise more money from the private sector. It also criticised the AGO for failing to attract visitors from different cultural backgrounds and for neglecting its obligations towards contemporary Canadian art.

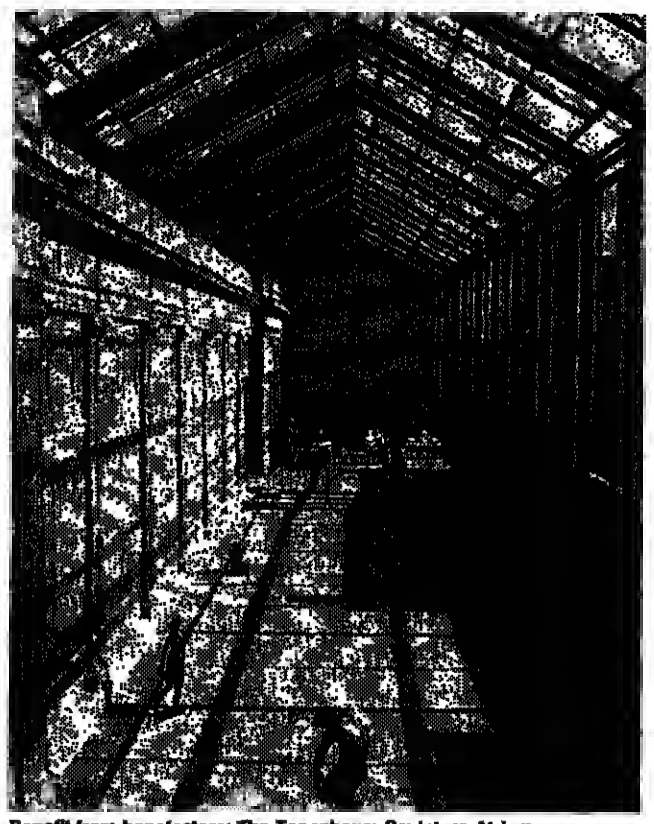
Elitist and conservative; it is this perception which Glenn Lowry, AGO's director for the past two years, is acutely aware that must be changed. The old AGO did not beckon invitingly. "Essentially, it was a big white cement box across a moat, without enough windows", he recalls. But one remarkable coup had put the Toronto museum on the cultural tourist's map: in 1974, it succeeded in "scooping" London's Tate Gallery when Henry Moore made a huge gift of 101 sculptures, 57 drawings and 105 prints to the city. With curator Alan Wilkinson, Moore worked on the design of an extremely striking gallery, awash with cool natural light. The Henry Moore Sculpture Centre remains the most important and comprehensive collection of Moore's work in any public collection.

Now the AGO's exhibition space has more than doubled, with 30 new galleries. The moat is gone. A canopy and cladding for the landmark tower must wait until the AGO has spare cash.

Inside, however, there is no impression of scrimping. An austere white and slate-grey entrance hall is flooded with natural light from slits in its dramatic pyramid roof. At once attention is focussed on the heart of the matter; in an alcove at high level, Moore's "Draped Reclining Figure" surveys all who enter. Upstairs, there stretches a beautifully rhythmic succession of seven double-height galleries with vaulted ceilings. Here Canadian contemporary art has its permanent space.

The beaux-arts galleries of European painting and sculpture have been painted in deep colours, red, green, blue and yellow. Sometimes this now-familiar trick works, sometimes not. I was also disconcerted by the low hang of the pictures. This is child-friendly orthodoxy and anyone over 5ft 6ins begins to feel like a giraffe.

Perhaps there is a whiff of over-eager historicising? A *Kunstkammer*, intended to evoke the origins of the idea of museums, is too sparse and far too rational to do anything of the sort. And how strange to wedge Tintoretto's large and wonderfully animated "Christ Washing the Feet of his Disciples" into this same restricted gallery. Toronto has a well-known collection of Florentine Baroque bronzes, so it would be good to see still more of them in this intimate space.



Benefit from benefactors: The Tanenbaum Sculpture Atrium

There are many discoveries to make among the historic and modern Canadian collection. The large oils and the vibrant little oil sketches by the Group of Seven, the nationalist movement in landscape painting at the beginning of this century, hang close together. Here, surely, is a source of deep delight and for foreigners, the opportunity to see Canada's most beloved artists, such as Lismer, Varley, Emily Carr, Lawren S. Harris.

One thing which strikes the European visitor is the omnipresent acknowledgement of the benefactor. Every room is named for someone. Benefactors were even invited to "sponsor" the rehang of a picture in return for having their name on a plaque underneath for six months. Fund-raisers, take note.

The Joey and Toby Tanenbaum Sculpture Atrium, a spectacular glass lean-to structure, is one of many testimonies to an art-loving Toronto dynasty. After starting in the demolition business, the Tanenbaums have become major art-collectors. They have been advised by the AGO, to which they have been major benefactors – a typically north American relationship which is unfamiliar in Britain. At the AGO's opening, the announcement was made of a further $4m gift from the family.

It is impossible here to give an account of the strengths and high points of the AGO's collection, except to say that they are numerous and include fine paintings by Bernard Van Orley, Le Sueur, Frans Hals, Poussin, Delacroix, Augustus John, Matisse, and Picasso. It took a long time and cost a lot of money, but the result is that Toronto now has an art-gallery which does the city credit.

# Drama over Europe

AT GLASGOW'S Tramway Theatre, the Wrestling School, a company dedicated to Howard Barker's work, has this week been giving the world premiere performances of his *The Europeans*. The play is in every way a paradox, and means to be. It is a tragicomedy; a history play with blatant anachronisms; brutal and intellectual; vulgar and formal. It is often poetic, bad, provocative, obscure, humane, frustrating, exciting.

And it is *about* paradox – in particular, the paradox of modern Europe. It is set in 1683. The Poles have just lifted the Turkish siege of Vienna. Starhemberg, the victorious general, is modest, inquiring, compassionate – and curious about the plight of those who have suffered worst. Katrin, a pregnant and mutilated victim of a Turkish gang-rape, is a glutton for martyrdom; she gives birth in a city square. He and she fall in love.

They are located amid a panoply of striking characters – the Emperor Leopold and his Empress; the painter who is to immortalise both ruler and war-victims; Starhemberg's old mother; beggars; soldiers; and a priest, who not only takes Katrin's sister as his mistress (without any consummation) but also becomes hero and confessor to Starhemberg. What all of this achieves is a fascinatingly ironic picture of Europe: Europe for ever fragmented (rather than saved), and culturally, sexually and theologically perplexed. Love and hate; lust and abstinence; belief and heresy; misogyny and lechery . . the oxymora are piled up before us.

The play, however, consists of more paradoxes than it needs. Why the quasi-erotic scene in which Starhemberg obliges another officer to fabricate a story about his childhood? At one point, apropos of nothing (Katrin had been talking of "the criminality of motherhood"), the painter says "on a clear day, you can see to Transylvania." Yes, well.

*The Europeans* is exasperating, but exciting too. Its view of history reminds you of Shakespeare, Tolstoy, and Brecht. And it lives infinitely better in live performance than on the printed page. The nine Wrestling School performers do marvels with animating Barker's language, so difficult because of its switches between four-letter words and poetic formality ("Her pain she needs, her suffering she requires"). Two small flaws: Bill Stewart (Leopold) pronounces "laugh" like "love", and Benny Young (the painter) mispronounces "Giovanni".

But all nine create a world on stage – thanks to skilful direction by Kenny Ireland: a good omen for his regime at Edinburgh's Lyceum. Nicholas Le Prevost and Judith Scott perform Starhemberg and Katrin with the authority and integrity of true artists. Congratulations to the Tramway, that bold and admirable venue, for presenting this premiere.

***Alastair Macaulay***

"The Europeans" now tours to the Leicester Haymarket and Greenwich Theatres

# Bewitching sisters

At the Royal National's Cottesloe Theatre is a literally bewitching play for children. *The Day After Tomorrow* by the Dutchman Roel Adam, translated by Noel Clark, is billed as being directed at four to seven-year olds, but I think that the RNT could realistically cast its net much wider at the upper end.

The most striking feature is the set: a huge arm chair, designed by Kate Burnett, which also serves as a cottage and part of a forest. The chair is so big that two sisters sleep on top of the arms; the under-part of the arms serves as tunnels. The sisters are living there because one day some soldiers burn their parents' cottage to the ground, but beyond that there is nothing sinister, certainly nothing frightening.

The girls quarrel as sisters do. Alice, the elder, tends to bossiness: Jenny, the younger, can seem stubborn, largely because she resents her sister's seniority. What they really want is a baby brother, which is eventually is what they get. Their pursuit involves a trip through the forest, a sisterly dispute over who wants white or brown bread sandwiches, a separation, and a meeting with a witch and a fairy.

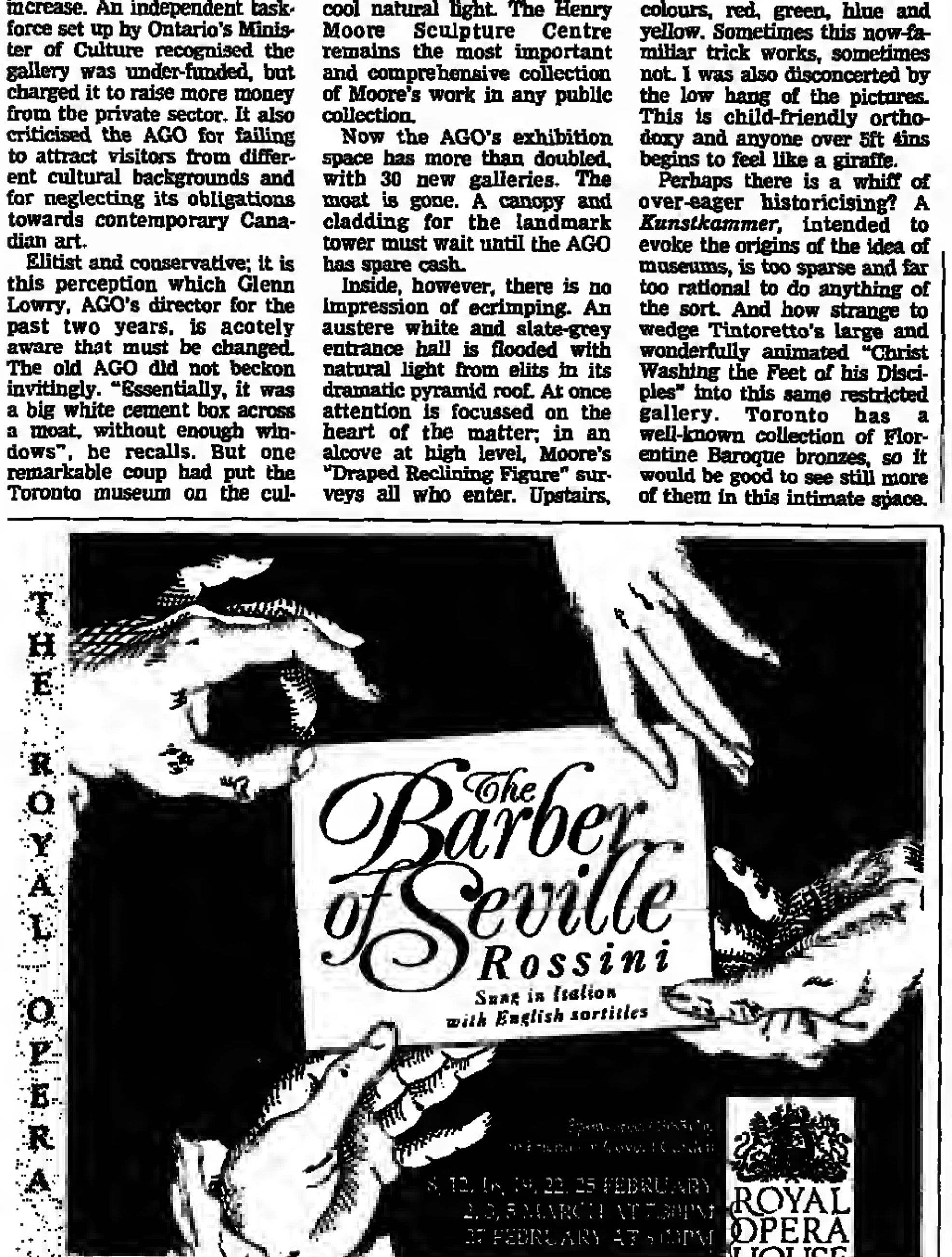
The brother is already there but does not want to be born because that would mean leaving the land of music. An elf-like figure he constantly plays the violin; the sisters tempt him into life by taking to the strings themselves and all ends happily.

There are no hidden depths or secret meanings, but the acting by Vikki Pepperdine as Alice and Kate Somerby as Jenny is consistently good and the story is intriguing enough to hold the attention of all ages throughout. The piece runs for just over an hour without an interval and the production, directed by Anthony Clark, is supported by the Wolfson Foundation.

***M.R.***









## Radio/B.A. Young

# Classic FM finds a niche

I STARTED my week with *Good Morning, Sunday* on Radio 2, to hear Lord Soper on his 90th birthday. He sounded much as he did when I used to hear him in Hyde Park in his fifties. The questions there had changed, he said – sex more often than politics, working-class ideas moving up into the middle class. His choice of records veered from a Greek Orthodox chorus to "Love divine, all loves excelling", by way of Fats Waller. Bless him.

The first quarterly summary issued by Radio Joint Audience Research contains some healthy news for Classic FM that is rather depressing for Radio 3. Classic FM is credited with 2.8 per cent of total listening time; the figure for Radio 3 is 1.3 per cent (the same, incidentally, as Radio 5). Four-and-a-quarter million adult listeners (over 15 for this calculation) hear Classic FM for at least five minutes in an average week; only 2¼m follow Radio 3.

I said when Classic FM first began that it was a more likely rival to Radio 1 than Radio 3. Though the figures suggest otherwise, I suspect that it is not such a rival to Radio 3 at all. Hearing a concert or an opera on Radio 3 is like spending an evening at the Albert Hall or Covent Garden, planned in advance at the sacrifice of other things. Classic FM provides pleasant sounds for one's occasional leisure. The early accusation that it never gave more than single movements of long works is certainly false; the first complete work I heard on Classic FM was a Bruckner symphony, and they don't come much longer than that.

Radio 3's rather lighter presentation under its new Controller would be a misjudgment if meant to answer the prospect of Classic FM. A usual slap at Classic FM has been its careless announcing, and the lounge-bar sounds beginning to replace Reithian perfection on Radio 3 are no disguise of any implicit superiority. However, Classic FM would never have broadcast *The Man with Night Sweats*, on Radio 3 last Monday to Thursday. This was a series of readings by Thom Gunn of his poems lamenting the deaths of friends dead from AIDS. He feels the loss of his companions but rather than blaming for a moment the behaviour that led to their sickness, seems rather to admire their courage in staying with a pattern they know to be dangerous. "I love their daring," he says of two young men in a San Francisco bar tempting him with a needle. I found the poems, written mostly in iambic pentameters, unexpectedly moving.

I hardly found Radio 3's weekly play moving at all. Peter Tegel's *Return to Know* told of Anton, an exile from Czechoslovakia who, after most of a lifetime in Britain, returns to visit his unknown family and see his father's grave. There was little in the way of plot; Anton (Hugh Dickson) might as well have been on a weekend visit for all he told us about Czechoslovakia in the 1980s. Richard Wortley was the director.

On the other hand, Radio 4's *Monday* play, Gary Mitchell's oddly-titled *A Tearful of Dreams*, was extremely effective. Like so many stories from Northern Ireland, it concerned violence, murder, rape, lying, threats and politics, but it made no overt political point. Tracy (Eileen McCloskie) works in a bar; her brother Geordie (Tim Loane) is a policeman and her mother Evelyn (Marie Jones) the ex-girlfriend of the leader of a UVF outfit. The playing under Pam Brighton's direction was constantly exciting.

Chess No 960: 32 ... Rxc4! 33 Nxc4 Qxb5 34 Rc1 Nb6 35 Qb2 Bc6! 36 Qd4 Bd5 wins bishop and knight for rook, with a won ending.

# TELEVISION

## SATURDAY

### BBC1

7.25 News. 7.30 Henry's Cat. 7.35 Wiz Bang. 7.50 Litt' Bits. 8.10 Eggs 'n' Baker. 8.35 Tom and Jerry: Greatest Hits. 9.00 Going Live!

**12.12 Weather.**

**12.15 Grandstand.** Introduced by Steve Rider. Including 12.20 Football: A look back at the best of last weekend's action from the FA Premier League. 12.50 News. 12.55 Racing from Chepstow: The 1.00 Huntsman Handicap Chase. 1.10 Skiing: The men's combined downhill from Japan. 1.25 Racing: The 1.30 John Hughes Grand National Trial Chase. 1.40 Rugby Union: Previewing this afternoon's matches. 1.55 Racing: The 2.00 Philip Cornes Saddle of Gold Stayers Novice Hurdle. 2.10 Rugby Union: Live coverage of Wales v England from the National Stadium, Cardiff; highlights of France v Scotland at Parc des Princes, Paris. 4.35 Final Score. Times may vary.

**5.15 News.**

**5.25 Regional News and Sport.**

**5.35 That's Showbusiness.**

**6.05 Noel's House Party.**

**7.00 The Paul Daniels Magic Show.**

**7.50 Casualty.** With guest stars John Duttine and Elizabeth Estensen.

**8.40 Birds of a Feather.** The Essex sisters come to terms with their husbands' imprisonment. Re-run of the first series of Laurence Marks and Maurice Gran's comedy, starring Linda Robson and Pauline Quirke.

**9.10 News and Sport; Weather.**

**9.30 That's Life!** Esther Rantzen continues her search for Britain's most Talented Town.

**10.10 Match of the Day.** Highlights from two of the day's top FA Premier League matches.

**11.10 Film: Beneath the Planet of the Apes.** Starring Charlton Heston. (1970).

**12.40 Weather.**

**12.45 Close.**

### BBC2

9.10 Open University. 9.10 Voyages of Discovery. 9.35 Planet Earth: A Scientific Model. 10.00 Maths Methods: Ill-Conditioning. 10.25 Urban Habits. 10.50 The Encyclopedia: The 18th Century French Encyclopedia. 11.15 Oceanography: Understanding the Oceans. 12.05 Venice and Antwerp Part One: The Cities Compared. 12.30 The Question of Sovereignty. 1.20 Climates of Opinion: Global Warming. 2.10 Psychology: Personnel Selection. 2.35 Kedleston Hall.

**3.00 The Sky at Night.** Patrick Moore visits New Mexico, home of the VLA (Very Large Array), the world's largest radio observatory. Shown last Sunday on BBC1.

**3.25 Film: Home from the Hill.** Robert Mitchum and George Hamilton star in this drama about a feuding family in America's Deep South, whose tight-knit existence is threatened by the father's wayward sexual appetite (1960).

**5.50 Late Again.** Compilation of highlights from last week's editions of The Late Show.

**6.35 Scrutiny.** Nicholas Jones takes a look at the work of parliamentary select committees.

**7.05 News and Sport; Weather.**

**7.20 Sounds of the Seventies.** The early 1970s saw the emergence of many 'progressive rock' bands playing guitar-based music with the emphasis on raw power and volume. The programme features performances by Free, Deep Purple, Jethro Tull, and Yes.

**7.55 Fine Cut.** The fourth programme in the series provides an insight into the life of the Ismael family from Eritrea, North East Africa. Film-maker Nick Gifford focused on the family three years ago as they fled their wartorn and drought stricken country to live in the Wadsharifi Refugee Camp in the Sudan. Impressed by their poise and dignity under such circumstances, he followed the family in the camp until their return to Eritrea.

**9.25 Moving Pictures.** American composer Mark Isham wrote the score for Robert Redford's new film, A River Runs Through It. Directors Alan Rudolph and Kathryn Bigelow recount their experiences of working with Isham.

**10.10 Film: The Moderns.** Drama set in 1920s Paris starring Keith Carradine. (1988).

**12.10 Film: Vertigo.** Taut Hitchcock thriller starring James Stewart. (1958).

**2.20 Close.**

### LWT

6.00 GMTV. 9.25 What's Up Doc? 11.30 Movies, Movies, Movies. 12.00 The ITV Chart Show.

**1.00 ITN News; Weather.**

**1.05 London Today; Weather.**

**1.10 Matlock.** Defence attorney Ben Matlock uncovers secrets about the late mayor of Chicago while defending an ageing hippie activist accused of the man's assassination.

**2.50 Hard Time on Planet Earth.**

**3.50 WCW Worldwide Wrestling.**

**4.40 ITN News and Results; Weather.**

**5.00 London Tonight and Sport; Weather.**

**5.10 Baywatch.**

**6.00 Blind Date.**

**7.00 Barrymore.**

**7.45 Inspector Morse: Happy Families.** Morse (John Thaw) gets on the wrong side of a new Chief Superintendent when he and Lewis investigate the murder of a well-known business tycoon. The sombre detective's problems worsen as he finds himself on the receiving end of a bitter tabloid smear campaign. Guest starring Anna Massey, Alun Armstrong, Gwen Taylor and Martin Clunes.

**9.45 The Big Fight - Live! Robbie Regan v Danny Porter.** Coverage from Cardiff as Welshman Regan defends his European Flyweight title. Reg Gutteridge and Jim Watt provide the commentary, with expert analysis from Barry McGuigan. From New York, Jim Rosenthal previews Riddick Bowe's World Heavyweight Championship bout against Michael Dokes.

**10.35 ITN News; Weather.**

**10.50 London Tonight; Weather.**

**10.55 Film: Bright Lights, Big City.** Premiere of this 1980s brat pack drama based on Jay McInerney's cult novel. Michael J Fox stars as a magazine researcher whose life in the Big Apple begins to fall apart at the seams (1988).

**12.55 The Big E.**

**1.55 Get Stuffed; ITN News Headlines.**

**2.00 Basketball.**

**3.00 Get Stuffed; ITN News Headlines.**

**3.05 New Music.**

**4.05 Rock Sport.**

**4.25 BPM.; Night Shift.**

### CHANNEL4

6.00 Early Morning. 10.00 Trans World Sport. 11.00 Gazzetta Football Italia. 12.00 Songs and Memories. 12.30 pm Pete Smith Specialties.

**12.45 Racing from Sandown.** Including the 12.55 Ripley Four-Year-Old Hurdle, 1.25 Scilly Isles Novices' Chase, 2.00 Tote Jackpot Handicap Hurdle, 2.35 Agfa Diamond Chase (Ltd H'cap), and 3.10 Agfa Hurdle races.

**3.30 Film: The Yellow Balloon.** Believing he has killed his friend, a gullible youngster is blackmailed by an unscrupulous villain. Thriller, with Kenneth More (1953).

**5.00 Fingerwave.** Animation.

**5.05 Brookside.**

**6.30 Right to Reply.** Sheena McDonald introduces more viewers' ideas and reports about TV; News.

**7.00 A Week in Politics.** The week's political news from both Houses of Parliament.

**8.00 Adventures: Steaming Passions.** Author Nigel Farrell discovers the love of steam engines is not limited to the male sex. He travels on working steam-trains owned by societies of enthusiasts and is surprised to discover a female ticket inspector on the North Yorkshire Moors line and a woman historian at the Ffestiniog Steam Railway. He also meets Heidi Mewforth who is taking an exam which will enable her to become the first woman in charge of a steam engine.

**9.00 Stephen King's Golden Years.** Final episode of the thriller series. Starring Felicity Huffman and Ed Lauter.

**9.50 Good Night Norma, Good Night Milton.** Animation by John Schnall, looking at the aftermath of a dinner party.

**10.00 Saturday Zoo.**

**11.00 Ready Steady Go!** Featuring The Beatles, Cliff Richard, Chuck Berry and Gerry and The Pacemakers.

**11.35 Adult Oprah.** Oprah finds out why some men prefer their mothers-in-law to their wives.

**12.30 Film: The Comic.** Tragi-comedy about the rise and fall of a silent-film star. Dick Van Dyke plays the self-destructive egotist whose wayward habits and outspoken views lead to his downfall. With Mickey Rooney, Michele Lee and Cornel Wilde. (1969).

**2.15 The Word.**

**3.15 Close.**

### REGIONS

**ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-**

**ANGLIA:** 1.05 Anglia News. 1.10 WCW Worldwide Wrestling. 2.00 The A-Team. 2.55 Hunters of the Reef. (1978) 5.00 Anglia News and Sport.

**BORDER:** 1.05 Border News. 1.10 Kick Off. 1.30 Dark Journey. (1937) 3.00 Granada Sport Action. 5.00 Border News and Weather.

**CENTRAL:** 1.05 Central News 1.10 Polly. (1989) 3.00 The A-Team. 3.55 WCW Worldwide Wrestling. 5.00 Central News 5.05 The Central Match - Goals Extra.

**CHANNEL:** 1.05 Channel Diary. 1.10 The Concrete Cowboys. (TVM 1979) 2.55 The A-Team. 3.55 WCW Worldwide Wrestling. 5.00 Channel News. 5.05 Puffin's Pla(i)ce.

**GRAMPIAN:** 1.00 Grampian Headlines 1.10 Caiptean Planeid. 1.40 Speaking Our Language. 2.10 Tomas Tolteach 'S A Charaidean. 2.15 Police News. 2.20 Floods of Fear. (1958) 2.55 WCW Worldwide Wrestling. 5.00 Grampian Headlines 5.05 Cuirm Cloinne. 10.50 Grampian Weather.

**GRANADA:** 1.05 Granada News 1.10 Kick Off. 1.20 Ursus and the Tartar Princess. (1961) 3.00 Granada Sport Action. 5.00 Granada News 5.05 Granada Goals Extra.

**HTV:** 1.05 HTV News. 1.10 McCloud: Who Says You Can't Make Friends In New York? 2.10 The Egyptian. (1954) 5.00 HTV News and Sports Results 10.50 HTV Weather.

**HTV Wales as HTV except:** No variations.

**MERIDIAN:** 1.05 Meridian News. 1.10 The Concrete Cowboys. (TVM 1979) 2.55 The A-Team. 3.55 WCW Worldwide Wrestling. 5.00 Meridian News. 5.05 Saturday Sport.

**SCOTTISH:** 1.05 Scotland Today. 1.10 Laverne and Shirley. 1.40 Speaking Our Language. 2.10 Celebrity Squares. 2.40 Carry On Cruising. (1962) 4.20 Rocksport. 5.00 Scotsport Results. 5.15 Cartoon Time. 5.30 The Box. 5.45 Scotland Today 10.50 Scottish Weather.

**TYNE TEES:** 1.05 Tyne Tees News. 1.10 The A-Team. 2.10 The Spirit of St Louis. (1957) 5.00 Tyne Tees Saturday.

**WESTCOUNTRY:** 11.30 Anybody Out There? 1.00 Westcountry Weekend Latest. 1.10 Helen of Troy. (1955) 3.25 Out of Limits. 3.40 The Munsters Today. 4.10 Movies, Movies, Movies. 5.00 Westcountry Weekend Latest.

**YORKSHIRE:** 1.00 Calendar News. 1.10 The A-Team. 2.10 The Spirit of St Louis. (1957) 5.00 Calendar News.

**S4C Wales as Channel 4 except:-** 7.00 Early Morning. 12.00 The Wonder Years. 12.30 Spare Time. 2.10 Pencampwriaeth Y Pum Gwlad. 4.10 Racing from Sandown. 4.35 Running High. 6.30 Magic Roundabout. 6.35 Now You're Talking. 7.00 Newyddion Nos Sadwrn. 7.20 Shotolau. 7.50 Halen Yn Y Gwaed. 8.50 Tocyn Tymor.

## SUNDAY

### BBC1

7.00 Felix the Cat. 7.10 Smoggies. 7.40 Playdays. 8.00 Blue Peter's Tracy Island. 8.15 Breakfast with Frost. 9.15 The Good Book Guide. 9.30 This is the Day. 10.00 See Hear! 10.30 Japanese Language and People. 11.00 Careering Ahead 11.30 Off the Back of a Lorry.

**12.00 Advice Shop.** Topical welfare rights magazine with information on public services.

**12.30 CountryFile.** Discussing the latest rural, environmental and agricultural issues.

**12.55 Weather for the Week Ahead; News**

**1.00 On the Record.** Political interviews and analysis.

**2.00 EastEnders.**

**3.00 Columbo: Murder By the Book.** The dishevelled detective (Peter Falk) tries to sort out the clues from the red herrings when he investigates the murders of two mystery writers.

**4.10 Cartoon.**

**4.20 Bitsback.**

**5.00 The Clothes Show.**

**5.25 Antiques Roadshow.**

**6.10 News.**

**6.25 Songs of Praise.** From Brentwood's Roman Catholic Cathedral of St Mary and St Helen in Essex.

**7.00 As Time Goes By.**

**7.30 Lovejoy.** A flag from the American War of Independence is discovered hidden in a local church, and ownership is soon in dispute. Guest starring Michael Hordern, with Ian McShane and Dudley Sutton.

**8.25 So Haunt Me.**

**8.55 One Foot in the Grave.**

**9.25 News and Weather.**

**9.40 Mastermind.**

**10.10 Heart of the Matter.** Should the terminally ill be allowed more access to medical records? On February 19, Labour MP Mark Fisher will table a private member's bill to increase patients' access to private information. Is it be dangerous to give people this right?

**10.45 What Shall We Tell the Children?** The last programme in the series investigates sets sex.

**11.05 Famously Fluent.** Lord Weatherill recalls how he learnt to speak Urdu.

**11.10 Doogie Howser, MD.**

**11.35 This Country's Rockin'.**

**12.25 Weather.**

**12.30 Close.**

### BBC2

6.40 Open University. 9.10 Christopher Crocodile. 9.10 The Animals of Farthing Wood. 9.40 Time Busters. 10.05 Teenage Mutant Hero Turtles. 10.30 Maid Marian and Her Merry Men. 10.55 Blue Peter Omnibus. 11.45 The O Zone. 12.00 Thunderbirds. 12.50 pm The Invaders.

**1.40 Snooker: The Masters.** Willie Thorne v Chris Small. The opening match of the tournament from the Wembley Conference Centre.

**2.00 Around Westminster.** Political review.

**2.30 Millennium: Tribal Wisdom and the Modern World.** Exploring how the nomadic Gabra tribe of Kenya and the Makuna of the Amazon respect the fragile land on which they live.

**3.30 Snooker: The Masters.** John Parrott v Dennis Taylor, and news from the Willie Thorne v Chris Small match from the Wembley Conference Centre.

**4.35 Ski Sunday.** The World Championships. Featuring the men's downhill from Japan. Can Franz Heinzer produce a perfect run down Mt Takakura to regain his title?

**5.10 Rugby Special.** Chris Rea introduces highlights of England v Wales from Cardiff, and Scotland v France from Paris. Commentary by Bill McLaren, Nigel Starmer-Smith, Eddie Butler and John Jeffrey.

**6.10 The Natural World.** Investigating the fates and fortunes of the tiny Arctic fox which has a well-insulated fur coat to help it survive in bitter winds and severe freezing conditions. Narrated by Bob Peck.

**7.00 The Money Programme.** John Penycate reports on attempts to privatise Russia's heavy industries, and asks how the West should react to the deepening crisis.

**7.40 The Adventurers.**

**8.20 Dancing.** Exploring the relationship between professional performers and their audience.

**9.20 Did You See?**

**10.00 Screen Two: Femme Fatale.** Starring Simon Callow and Donald Pleasence.

**11.15 Snooker: The Masters.** Steve Davis v Nigel Bond. From the Wembley Conference Centre.

**12.15 Later with Jools Holland.**

**1.30 Close.**

### LWT

6.00 GMTV. 9.25 Disney Club. 10.45 Link. 11.00 Morning Worship. 12.00 Package Pilgrims. 12.30 pm Crosstalk; London Weather.

**1.00 ITN News; Weather.**

**1.10 Walden.**

**2.00 Bright Lights, Big City.** Examining the rise of TV from the 1930s to the 1960s, a time when most people still relied on traditional forms of entertainment.

**2.30 The Match.** Crystal Palace v Arsenal from Selhurst Park. Ian St John presents live coverage of the Coca Cola Cup semi-final between the teams from opposite sides of the Thames. Brian Moore and Ron Atkinson provide the commentary.

**5.00 Wish You Were Here?** Visiting Turkey, a fashionable 1990s holiday spot, including winter breaks in Istanbul. Anne Davies looks at Edinburgh from the point of view of someone confined to a wheelchair.

**5.30 Bullseye.** Three more teams compete in the darts-based quiz. Presented by Jim Bowen, with Tony Green ensuring fair play.

**6.00 London Tonight and Sport; Weather.**

**6.20 ITN News; Weather.**

**6.30 Film: The Goonies.** A group of children discover a secret treasure map leading them to underground caves and the adventure of a lifetime. Children's fantasy tale, starring Josh Brolin, Sean Astin, Jeff Cohen, Corey Feldman and Martha Plimpton (1985).

**8.25 You've Been Framed!**

**8.55 ITN News; Weather.**

**9.15 London Tonight; Weather.**

**9.20 Agatha Christie's Poirot.** The Belgian detective is called in to investigate when a misogynist businessman is murdered. With David Suchet.

**10.20 Hale and Pace.**

**10.50 The South Bank Show.** About Annie Leibovitz, the world's highest-paid photographer. She talks about her drug addiction and American politics and popular culture.

**11.50 Encounter.** New series.

**12.20 Cue the Music.**

**1.20 Get Stuffed; ITN News Headlines.**

**1.25 TXT.**

**2.25 Summerrock.**

**3.25 Get Stuffed; ITN News Headlines.**

**3.30 Snooker.**

### CHANNEL4

6.00 Early Morning. 9.30 Dennis. 9.45 Flipper. 10.15 The Miraculous Mellops. 10.45 Land of the Giants. 11.45 Little House on the Prairie. 12.40 pm Football Rules. 12.55 Gazza's Soccer School.

**1.10 Film: The Pirates of Penzance.** Spirited adaptation of the Gilbert and Sullivan operetta. Also starring Linda Ronstadt and Angela Lansbury (1983).

**3.15 Film: China Seas.** Clark Gable as a ship's captain trying to sort out his muddled love life while his crew and passengers are attacked by modern-day pirates. Romantic adventure, also starring Jean Harlow and Rosalind Russell (1935).

**4.50 Song of the Prairie.** Puppet parody of old American musicals.

**5.10 News.**

**5.15 High Interest: On the Buses.** About London's plans to put red bus companies up for sale. Can anything be learned from the crisis in Manchester?

**6.00 Moviewatch.**

**6.30 The Wonder Years.**

**7.00 Fragile Earth: Dolphin Dilemma.** The dolphin is the most popular marine creature, yet many are still kept in captivity for entertainment or research purposes. Is this, as many scientists believe, a cruel way to treat the animals?

**8.00 Salman Rushdie - In the Shadow of the Fatwa.** Four years since Salman Rushdie was condemned to death for publishing The Satanic Verses, he is still in hiding. Cameras follow the author as he travels around the world in an attempt to force the international community into action against state terrorism.

**8.45 Film: The Last Emperor.** Premiere. Bernardo Bertolucci's Oscar-winning epic charting the rise and fall of the last Chinese emperor, forced into exile after the country became a republic. Starring John Lone, Joan Chen and Peter O'Toole (1987).

**11.45 Film: Carmen.** Spanish re-working of the story of Carmen, set against a backdrop of rehearsals for a flamenco version of Bizet's popular opera. Starring Antonio Gades and Laura Del Sol (1983).(English subtitles).

**1.35 Close.**

### REGIONS

**ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-**

**ANGLIA:** 12.30 Food Guide. 12.55 Anglia News. 2.00 Get Wet. 5.00 The Village Show. 6.00 Anglia News on Sunday.

**BORDER:** 11.00 Morning Worship. 12.30 Gardener's Diary. 12.55 Border News. 2.00 Red Nine. 5.00 The Border Week. 6.15 Border News.

**CENTRAL:** 12.30 Gardening Time. 12.55 Central News 2.00 Coach. 5.00 Bullseye. 5.30 Highway to Heaven. 6.15 Central News.

**CHANNEL:** 12.30 Reflections. 12.35 Rendez-Vous Dimanche. 12.50 Telejornal. 2.00 Stunt Masters. 5.00 Rocksport. 5.15 Bullseye. 5.45 I Can Do That. 6.15 Channel News.

**GRAMPIAN:** 10.45 Cartoon Time. 11.00 Deasnasaidh Gairdeachas. 11.45 Link. 12.30 Gardener's Diary. 12.55 Grampian Headlines. 2.00 Wish You Were Here? 2.30 Scotsport. 5.00 Bullseye. 5.30 Adventure. 5.00 Grampian Headlines 5.05 Elkon. 6.15 Grampian Weather.

**GRANADA:** 12.25 What the MPs Say. 12.55 Granada News 2.00 The Munsters Today. 5.00 Cartoon Time. 5.15 Coronation Street. 6.15 Granada News.

**HTV:** 12.25 HTV News. 12.30 HTV Newsweek. 2.00 Blondie and Dagwood. 5.00 WCW Worldwide Wrestling. 5.45 Bullseye. 6.15 HTV News. 6.15 HTV Weather.

**HTV Wales as HTV except:** 12.30 Playback.

**MERIDIAN:** 12.30 Meridian This Week. 12.55 Meridian News. 2.00 Stunt Masters. 5.00 Rocksport. 5.15 Bullseye. 5.45 I Can Do That. 6.15 Meridian News.

**SCOTTISH:** 10.45 Wemyss Bay 902101. 11.30 Link. 11.45 Deasnasaidh Gairdeachas. 12.30 Package Pilgrims. 12.55 Scotland Today. 2.00 Scottish Questions. 2.30 Scotsport. 5.05 Burns in Beirut. 5.35 Elvis: Good Rockin' Tonight. 6.00 Scotland Today 6.05 Elkon. 6.15 Scottish Weather.

**TYNE TEES:** 12.25 The Littlest Hobo. 12.30 Tyne Tees News. 2.00 For Real. 5.00 Cartoon Time. 5.20 Bullseye. 5.30 The Back Page. 6.15 Tyne Tees News.

**WESTCOUNTRY:** 12.30 West Wee. 12.55 Westcountry Weekend Latest. 2.30 Westcountry Update. 5.05 Bullseye. 5.35 Cartoon Time. 5.45 Members Only. 6.15 Westcountry Weekend Latest.

**YORKSHIRE:** 12.25 The Littlest Hobo. 12.50 Calendar News. 2.00 For Real. 5.00 Cartoon Time. 5.30 Bullseye. 6.00 Calendar News and Weather.

**S4C Wales as Channel 4 except:-** 7.45 Early Morning. 9.00 Jeifin. 10.15 Miraculous Mellops. 12.45 Sioned Plasm. 1.15 Magic Roundabout. 1.15 Superbowl Highlights. 2.15 Mother Wore Tights. (1947) 4.00 Tears of the Dragon. 5.00 Dechrau Canu, Dechrau Canmol. 5.30 Pobol y Cwm. 7.15 Byw'r Sul. 8.00 Hel Straeon. 8.35 Llethor. 9.05 Newyddion. 9.35 Saith Diwrnod Ar Y Sul. 10.05 Salman Rushdie In the Shadow of the Fatwa. 10.50 No Cure for Cancer. 11.55 The Prisoner.

# RADIO

## SATURDAY

**BBC RADIO 2**
5.00 Barbara Sturgeon. 6.05 Brian Matthew. 10.00 Anne Robinson. 12.00 Brian Hayes on Saturday. 1.30 Pull the Other One. 2.00 Ronnie Hilton. 3.00 Steve Race. 4.00 The Nashville Dream. 5.00 Cinema 2. 5.30 Nick Barraclough's New Country. 7.00 The World Dances. 7.00 The Boswell in London. 8.30 David Jacobs. 10.00 The Arts Programme. 12.05 Ronnie Hilton. 1.00 Charles Nove. 4.00 Barbara Sturgeon.

**BBC RADIO 3**
6.55 Weather. 7.00 Record Review. 1.00 News. 1.05 Scotland's Music. 2.45 Hummel. 3.00 The Mussorgsky Legacy. 5.00 Jazz Record Requests. 5.45 Opera News. 6.30 Violin Sonatas. 7.25 Stiffelio. 10.15 The Old Canoe Ramp at Tongariki. 10.40 20th Century Piano Sonatas. 11.15 Impressions. 12.30 News. 12.35 Close.

**BBC RADIO 4**
6.00 News Briefing.
6.10 The Farming Week.
6.50 Prayer for the Day.
7.00 Today.
9.00 News.
9.05 Sport on 4.
9.30 Breakaway.
10.00 Loose Ends.
11.00 The Week in Westminster.
11.30 From Our Own Correspondent.
12.00 Money Box.
12.25 Just a Minute!
1.00 News.
1.10 Any Questions?
2.00 Any Answers? 071-580 4444.
2.30 Playhouse.
4.00 New Europeans.
4.30 Science Now.
5.00 Hester's Collection.
5.25 The Art of Travel.
6.00 News and Sports Round-Up.
6.25 Week Ending.
6.50 Postcard from Gotham.
7.20 Kaleidoscope.
7.50 Saturday Night Theatre.
9.20 Music in Mind.
9.50 Ten to Ten.
10.00 News.
10.15 The Year in Question.
10.45 Idle Thoughts.
11.00 Richard Baker Compares Notes.
11.30 Lionel Nimrod's Inexplicable World.
12.00 News.
12.30 Close.

**BBC RADIO 5**
6.00 World Service.
6.30 Mark Curry's Weekend Edition.
9.30 Get Set.
10.30 Tales of the Texas Rangers.
11.00 Go!
12.00 Sport on 4 Plus 1.
12.30 Sportscall.
1.00 Sport on Five.
4.00 Sports Report.
6.05 Six-O-Six.
7.30 Afropop Worldwide.
8.30 Le Top.
9.30 Nightbeat.
10.00 Sports Bulletin.
10.15 On the Level.
12.00 Close.

**WORLD SERVICE**
BBC for Europe can be received in Western Europe on Medium Wave 648 kHz (463m) at the following times GMT:
5.00 Newsdesk. 6.30 Programmes in French. 7.00 Newsdesk. 7.30 People and Politics. 8.00 News; Words of Faith; A Jolly Good Show. 10.00 News; Business Report; Worldbrief. 9.30 Personal View. 9.45 Sports Roundup. 10.00 News Summary; Jazz Now and Then; Letter From America. 10.30 Waveguide; Book Choice; From The Weeklies. 11.00 Newsdesk. 11.30 BBC English. 11.45 Mittagsmagazin. News in German. 12.00 News; Words of Faith. 12.15 Multitrack 3. 12.45 Sports Roundup. 1.00 Newshour. 2.00 Club 648. 2.15 Personal View. 2.30 Sportsworld. 3.00 News; Sportsworld continued. 4.00 News; News About Britain; BBC English. 4.30 News Headlines in French. 4.30 Programmes in German. 5.00 News Summary; Sportsworld. 6.30 Programmes in French. 6.00 Newsdesk. 6.30 Programmes in German. 8.00 News; Personal View; Words of Faith. 5.30 Europa This Weekend. 8.55 European Sports News. 9.00 Newshour. 10.00 News; Meridian. 10.45 Sports Roundup. 11.00 News; Words of Faith; Book Choice; A Jolly Good Show. 12.00 Newsdesk. 12.30 The Ken Bruce Show. 1.00 News Summary; Play of the Week: Sakuntala. 2.00 Newsdesk. 2.30 Task Force Orient. 3.00 News; News About Britain. 3.15 Sports Roundup. 3.30 From Our Own Correspondent. 3.50 Write On. 4.00 News. 4.15 The Photograph Album. 4.30 Business Review. 4.45 Programmes in German.

## SUNDAY

**BBC RADIO 2**
7.00 Don Maclean. 9.05 John Sachs. 10.30 Brian Hayes on Sunday. 12.00 Desmond Carrington. 2.00 Benny Green. 3.00 Alan Dell. 4.00 Stars of the Fifties. 4.30 Sing Something Simple. 5.00 Charlie Chester. 7.00 Richard Baker. 8.30 Sunday Half Hour. 9.00 Alan Keith. 10.00 Arts Programme. 12.00 Nick Barraclough's New Country. 12.35 Charles Nove. 3.00 Alex Lester.

**BBC RADIO 3**
6.55 Weather. 7.00 Sunday Morning Concert. 9.00 News. 9.05 Brian Kay's Sunday Morning. 12.00 Spirit of the Age. 1.00 News. 1.05 Selected Poets. 1.20 From the Proms 1992. 2.55 Airs de Cours. 4.35 Bridges. 5.00 Bournemouth Sinfonietta. 6.25 Marjana Lipovsek. 7.30 Sunday Play. 8.55 Elgar: The Kingdom. 10.45 Organists of the Madeleine. 11.15 Music in Our Time. 12.30 News. 12.35 Close.

**BBC RADIO 4**
6.00 News Briefing.
6.15 Prelude.
6.30 Morning Has Broken.
7.00 News.
7.10 Sunday Papers.
7.15 On Your Farm.
7.40 Sunday.
8.00 News.
8.10 Sunday Papers.
8.50 Tony Britton.
9.00 News.
9.10 Sunday Papers.
9.15 Letter from America.
9.30 Morning Service.
10.15 The Archers.
11.15 News Stand.
11.30 Pick of the Week.
12.15 Desert Island Discs.
1.00 The World This Weekend.
2.00 Gardeners' Question Time.
2.30 Classic Serial.
3.30 Immortal Diamonds.
4.00 Analysis.
4.47 More Wrestling Than Dancing.
5.00 Nina Myskow in St Andrews.
5.30 Poetry Please!
6.00 Six O'Clock News.
6.15 Loss of Innocence.
6.30 Word of Mouth.
7.00 Nearest and Dearest.
7.30 Bookshelf.
8.00 A Taste of - Hausa.
8.30 Living Dangerously.
9.00 The Natural History Programme.
9.30 Special Assignment.
10.00 News.
10.15 The Memoirs of Sherlock Holmes.
11.00 In Committee.
11.30 Seeds of Faith.
12.00 News.
12.30 Close.

**BBC RADIO 5**
6.00 World Service.
6.30 Mark Curry's Weekend Edition.
9.30 The Dream Friend.
10.00 Johnnie Walker.
11.30 Fantasy Football League.
12.30 Simon Fanshawe's Sunday Brunch.
1.30 Sunday Sport.
5.30 Body Talk.
6.00 A Century Remembered.
6.30 Education Matters.
7.00 Speakeasy.
7.30 Open University.
10.10 Across the Line.
12.00 Close.

**WORLD SERVICE**
BBC for Europe can be received in Western Europe on Medium Wave 648 kHz (463m) at the following times GMT:
5.00 News; Letter From America. 5.30 Programmes in French. 7.00 Newsdesk. 7.30 From Our Own Correspondent. 7.50 Write On. 8.00 News; Words of Faith; Classics with Kay. 8.45 News; Business Review. 9.15 Seeing Stars. 9.30 Folk Routes. 9.45 Sports Roundup. 10.00 News Summary; Science in Action. 10.30 In Praise of God. 11.00 Newsdesk; BBC English. 11.45 News and British Press Review in German. 12.00 News Summary. 12.01 Play of the Week: Sakuntala. 1.00 Newshour. 2.00 News Summary. 2.01 It's Your World Phone-ins. 3.00 News. 3.15 International Recital. 4.00 News; News About Britain. 4.15 BBC English. 4.30 News Headlines in French. 4.30 Programmes in German. 5.00 News and Business Review. 5.15 Club 648. 5.30 Programmes in French. 6.00 Newsdesk. 6.30 Programmes in German. 8.00 News; Folk Routes; Words of Faith. 8.30 Europe Tonight. 9.00 Newshour. 10.00 News; Meridian. 10.45 Sports Roundup. 11.00 News; Business Review; Classics with Kay. 12.00 Newsdesk. 12.30 In Praise Of God. 1.00 News Summary; What's News? 1.15 Altar Independence. 1.45 Musical Mavericks. 2.00 Newsdesk. 2.30 Composer Of The Month: Gabriel Faure. 3.00 News; News About Britain. 3.15 Sports Roundup. 3.30 Anything Goes. 4.00 News. 4.15 Poets And Places. 4.30 Waveguide. 4.45 Programmes in German.

# CHESS

NIGEL SHORT and Gary Kasparov will learn on Monday if the rumoured huge bids for their world title match in August have materialised. The International Chess Federation (Fide) will name contenders to stage the 24-game series, for which Barcelona and Berlin may offer prize funds of £2.5m.

A war of words has begun already. Kasparov says he could beat Short and the defeated Jan Timman simultaneously. Short complains that Kasparov pulls faces at the board, glares at opponents, and paces up and down "like a baboon." Mutual insults are nothing new in championship chess, but usually contenders wait until nearer the start.

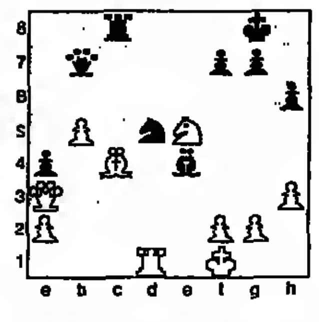
Short's opening draw against Timman was full of interest (J. Timman, White; N. Short, Black; 1st game 1993).

1 d4 d5 2 c4 e6 3 Nc3 Nf6 4 Bg5 Be7 5 e3 0-0 6 Nf3 h6 7 Bh4 b6 8 Be2 Bb7 9 Bxf6 Bxf6 10 cxd5 exd5 11 b4 c6 12 0-0 Re8 13 Qb3 a5 14 b5. Previous Short opponents tried a5 or bxa5. c5 15 dxc5 bxc5 16 Rac1 Bxc3 17 Qxc3 Nd7 18 Rc2.

Qb6 19 Rd1 Re7 20 h3 Rae8 21 Qb2 a4 22 Kf1 Qa5 23 Qa3 d4! 24 exd4 Be4 25 Qc3! Qa8 26 Rcd2 cxd4 27 Rxd4 Nf6 28 Qa3?! Overpressing – safer Qd2 or Bc4. Qh7 29 Rd8 Nd5! 30 Rxe8+ Rxe8 31 Bc4 Rc8! 32 Ne5 Bxg2+? Missing a win – see below.

33 Kg1 Be4 34 Rd4 Nf6 35 Bxf7+ Kh8 36 Kh2? Bc4! should win for White. Qxb5 37 Qg3 Qb1 38 Rxe4 Qxe4 39 Bg6 Qd4 40 Nf7+ Kg8 41 Nxh6+ Kf8 42 Nf5 Qc5 43 Nxg7 Kxg7 44 Bf5+ Kf8 45 Bxc8 Qxc8 46 Qa3+ Kg7, draw.

Chess No. 960



Timman v Short, first game. Short missed a five-move sequence gaining material. Can you do better?

Solution Page XX

*Leonard Barden*

# BRIDGE

HERE FROM rubber bridge is Preparing for the worst:

| | N | |
|---|---|---|
| | ♠ J 10 7<br>♥ K J 9<br>♦ A J 3<br>♣ 7 5 4 2 | |
| W<br>♠ 9 6 4 3<br>♥ –<br>♦ 9 7 6 2<br>♣ Q J 10 8 6 | | E<br>♠ 8 5 2<br>♥ Q 10 8 4<br>♦ 10 8 5<br>♣ K 9 3 |
| | S<br>♠ A K Q<br>♥ A 7 6 5 3 2<br>♦ K Q 4<br>♣ A | |

With East-West game, South dealt and bid two hearts. North replied with three hearts, promising trump support, and an ace, South re-bid three spades (the economic cue-bid), North said four diamonds, South five clubs and North's six hearts ended the auction.

West opened with the club queen, East dropped the nine, and the ace won. South cashed his heart ace and, when West showed out, there was wailing and gnashing of teeth. "Why does it happen to me?" moaned South.

I have little sympathy for South. I do not approve of his two hearts – the suit is too weak. Two clubs is better. North will say two no-trumps, six hearts is reached easily.

Let us replay the hand with safety in mind. After taking our club ace, we see that only an 4-0 trump break can cause any problem. We play the two of hearts. If West holds the four trumps, dummy's king wins and we cross to hand with a spade to lead another heart. West can make his queen, but that is all. With East holding the four trumps, we win trick two with dummy's king and ruff a club, cash three spades and cross to the knave of diamonds to ruff another club. Then we cash king and ace of diamonds.

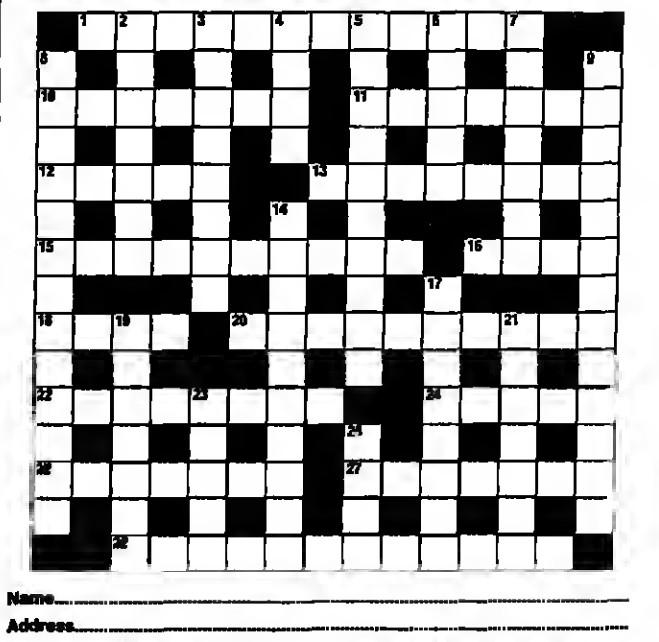
In the three-card position, dummy holds knave, nine of hearts and a club; East has queen, 10 and eight of hearts; and we hold ace, seven and six of hearts. Dummy's club is led, East ruffs with the eight, we under-ruff with the six, and East must lead into our split tenace.

*E.P.C. Cotter*

# CROSSWORD

**No. 8,070 Set by ADAMANT**

A prize of a classic Pelikan Souverän 800 fountain pen, inscribed with the winner's name for the first correct solution opened and five runner-up prizes of £35 Pelikan vouchers. Solutions by Wednesday February 17, marked Crossword 8,070 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday February 20.



Name........................................

Address........................................

**ACROSS**

1 Teacher reorganised the classroom (12)
10 Reg and Paul breaking the sound barrier (7)
11 Taking a narrow view of the terrible ruins surrounding Los Angeles (7)
12 Frequently taken poorly at the border (5)
13 Spare fielder spins coins quite fast (8)
15 Builds up trust on County Council's misleading letters (10)
16 Like one with a mass of land (4)
18 Ulster overturns the inclusion of firm representation (4)
20 These rains will provide a healthy quality (10)
22 Not needing development? (8)
24 More than a bit of a part (5)
26 Aunt's caught out by second hymn....(7)
27 ....but the church love to compose real music for psalms (7)
28 Does it pass on credit for getting over the currency margin? (8,4)

**DOWN**

2 In France black makes a comeback on vehicle body (7)
3 Stop the creaking clergy getting material (6)
4 Enter with old trademark (4)
5 Looking after the queen's family (10)
6 The trials are set up over the road (5)
7 Enters lake carelessly and melts (7)
8 He only wants the best (13)
9 At start sluice might supply Arab countries (7,6)
14 He overlooks a marvellous face saver (10)
17 It might only be a minute explosion (4-4)
19 Structural round about caring (7)
21 Get on line with the number taking art up (7)
23 Hit out in note on church finance (5)
25 Look over some descants (4)

Solution to Puzzle No.8,069

Solution and winners of Puzzle No.8,068

Mrs A. Gordon, Glasgow; Egbat Allen, Winchester, Hants; Mrs A.J. Foley, Hereford; Miss A.E. Gordon, Cheltenham, Glos; Michael Keogh, Nassington, Nr Peterborough; L.J. Whitting, Bickley, Kent.

# A-Z of chess begins with K

***Dominic Lawson** lists 10 things you probably did not know about Short's sport*

IT SEEMS that the British are finally to be educated about chess.

On Monday *The Sun* newspaper, in its own inimitable style, published "Ten things you didn't know about Nigel Short". This sort of accolade *The Sun* normally reserves for pop stars and soap actors, but Short is about to become as much a household name as any in those categories. Following his victory a week ago in the final eliminator of the three-year-long world chess championship, Nigel will in September become the first Briton to contest a match for the title, and only the third non-Russian since 1927.

Short is set to do for chess what John Curry and Robin Cousins did for ice-skating: turn it into a British craze, particularly among the young. *The Sun* is right, therefore: the time has come to explain the game of kings in a way which is comprehensible to all.

To win at top-flight modern grandmaster chess it is normally required to have a surname beginning with K. Kasparov is the world champion. He succeeded Karpov, who himself fought off two challenges from Korchnoi. The two strongest teenage players in the world, who will be fighting out the world chess championship well into the next century, are called Kamsky and Kramnik. Vladimir Kramnik is 17 and already has a higher chess world ranking than Short who, at 27, is sometimes called "the grand old man of British chess."

When, last week, I told Short that his name began with the wrong letter, he replied that he had looked into this, and that three of the 13 official world champions since 1886 began with S – Wilhelm Steinitz, Vassily Smyslov and Boris Spassky – and that this made the letter S the most successful and desirable chess initial. But Nigel admitted he is hedging his alphabetical bets: his guru and coach is grandmaster Kavalek.

Those who followed Short's recent victory will note that his opponent, Jan Timman, was from the Netherlands. The only European to have won the world championship in the past 60 years was another Dutchman, the late Max Euwe. Theories have been advanced that the flat terrain of the Netherlands is responsible for the national success at chess. Pieces never slide off the board, which aids concentration and analysis.

The British chess master and industrial psychologist William Hartston has attempted to apply similar arguments to chess ability. Players with close-set eyes are likely to miss moves at the outer areas of the board, while players with wide apart eyes are vulnerable to thrusts in the middle of the board, players with long arms like to make extended, sweeping moves, and so on. There is no proof of any of this, but it might also all be true.

I am often asked: "Is there hooliganism in chess?". The answer, I am afraid, is yes. The Romanian grandmaster Florin Gheorgiou is in the habit of hurling the pieces at the board with such ferocity that they have been known to bounce up and strike opponents on the head.

Even the world champion, Gary Kasparov, is prone to sneering openly at his opponents' bad moves. Once he did this to the US champion Yasser Seirawan, and Seirawan snarled over the board: "Do that again, buster, and I'll tear your lungs out." This is known as the Seirawan counter-gambit. It is important, when essaying the Seirawan counter-gambit, that you are bigger than your opponent.

Another question often asked by non-initiates is whether grandmasters can take their moves back? Technically, the answer is no. It is possible to adjust a piece's position within the square if it is off-centre, but etiquette demands that this is preceded by the utterance "*J'adoube*". Milan Matulovic, a Yugoslav grandmaster, was notoriously prone to playing a blunder, and then retracting the move, while muttering "*J'adoube*" in a thick Serb accent. He was known, naturally, as grandmaster Jadoubavitch.

The main problem for the British media, now that chess is about to become big news, is that players' names tend to be difficult to spell, and even more difficult to pronounce. Having heard news-readers' tongues stumble over such simplicities as Korchnoi, Karpov and Kasparov, I fear for the worst when Kasparov plays against Short: the name of Kasparov's chief aide is Zurab Azmaiparashvili. It is a disaster waiting to happen.

■ *Dominic Lawson is editor of The Spectator.*

# Game, set, match

***Michael Thompson Noel***

FOR TWO hours on Thursday I banged balls with my tennis coach, Jasper Strong. I haven't mentioned my tennis coach before. The reason I haven't mentioned him is that I resent the hand he was dealt by the gods and goddesses that presided at his birth.

Jasper Strong is 6ft 5in to my 6ft 2in. He has long blond hair and the physique of a discus-hero-at-Olympia. He is 23 years of age and has never been told, as Joan Didion once put it, that golden lads and girls all must as chimney sweepers come to dust. Result: he lives in a fantasy world where everything – especially the future – looks "brilliant."

On Thursday we worked on my backhand volley. Eventually (we have a machine that measures this), Jasper was hitting forehand drives at 273mph at my left eyeball. At those sorts of speeds, one slip and you're dead; the ball would splatter your brain.

Afterwards, we sat on the clubhouse steps and Jasper ribbed me about John Major's recent upbeat speech at a Tory fund-raising dinner. According to the prime minister, the British have a genius for running themselves down. "It's time to start selling Britain abroad," he said, "and stop selling Britain short." There were sound reasons for optimism about

**HAWKS & HANDSAWS**

Britain's prospects.

"I suppose," said Jasper pleasantly, "that John Major was taking a swing at all you whingeing Wilhelminas in the media. You're doomsters and pessimists. You trade in misfortunes. Major must be sick of you. Life is really quite enjoyable, you know."

"Jasper," I said. "It wasn't until I read John Major's catatonically chirpy speech in Glasgow that I realised how far down the slippery slope we really are. We are gonners, Jasper. The show is over. Game, set and match. Or virtually."

"That's not what catatonic means."

"Never *mind. Until* that speech I had the whimsical notion that we might just pull through. Now I'm certain we are doomed. The trouble with mankind is its optimism. At present, a few John Bull characters are telling us there is nothing to fear but fear itself; that the recession is a hiccup; that Man's ascent from the primeval soup to mastery of the galaxy will shortly recommence. Do not believe a word of it."

Jasper stirred uneasily. He is not used to hearing things spelt out. Apart from me, all his clients are rich women who live in the vicinity of London's Kensington Church Street: fantasyland, daisyworld.

"The biggest problem of all," I said, "is unchecked population growth, but no politicians are grappling with it. John Major doesn't know whether *sterling* should go up or down, so how can he envisage the prospects implicit in runaway population growth? The UN reckons that world population will plateau, by 2100, at around 11.5bn, more than twice 1990's 5.3bn.

"But an environmental crisis caused by pollution and consumption is already strangling us. Deforestation. Land degradation. Red tides. The ozone hole. Possible global warming. Mass extinction of species and attrition of biological diversity. *Ahead* of us lie what Paul Harrison, a population expert, calls 'four decades of the fastest growth in human numbers in all history.'

"You should read Harrison's book, *The Third Revolution*. He says that the population battlefield has been stamped into a morass. On one side are the Cassandras, the more extreme of whom blame overpopulation for almost every ill that human flesh is heir to.

"Attacking the Cassandras from the left are the socialists. For them, inequality in all its forms is the disease, and population growth only a symptom. On the right, conservatives see interference in free markets as the only obstacle to everlasting prosperity. They welcome population growth and can see no reason why it should not continue until we have colonised the entire galaxy.

"I, Jasper, am a Cassandra. Unless the Cassandras are heeded, it is all over bar the shooting."

"What is your solution?"

I said: "I think I have run out of words. I'll tell you next week."

Just then, Jasper's mobile phone rang. It was Priscilla Humpington-Kooning, one of his Kensington clients, asking him to visit her. Her day had been brilliant. Wasn't life just wonderful. She had been to Harvey Nicks. Had only spent £12,000. Said the place was *deserted*.

■ *The Third Revolution*, by Paul Harrison. I B Tauris & Co, £18.95.

Ashley Ashwood

Private View/**Christian Tyler**

# Sex secrets of art history

*Professor Griselda Pollock argues that old masters, and old mistresses, look different from a feminist perspective*

HE WAS A white male "colonizing tourist" who, to boost his career, went to Tahiti and exploited a 13-year-old girl called Teha'amana, his native wife, by painting her naked on a bed.

That is Gauguin, as seen through the eyes of Professor Griselda Pollock, a feminist art historian.

To be sure, she does not put it quite so baldly. Here is a specimen comment on Gauguin's nude, *Manao Tupapau*, from a book of hers published this week:

"The culturally feminized and racially othered body also carries the projected burden of the cultural lack – the *ennui* – experienced by some of the Western *bourgeoisie* in the face of capitalism's modernity."

Well, I suppose she is right. I felt a bit like that myself when I visited Tahiti and was asked by the beautiful leading canoeist of Brando's *Mutiny on the Bounty* if I would like to marry her daughter. But does it matter to Art if Gauguin behaved like a pig with women?

I complained to Prof Pollock: You never say whether you think Gauguin was a good painter or not.

"I don't think it's particularly relevant," she answered. "You see, assuming that the only justification for studying anything in the past is because we think it is good raises the question: Good for whom? Who said so? By what criteria? I much prefer to say: historically these people were active."

Griselda Pollock is Professor of Social and Critical Histories of Art at the University of Leeds in Yorkshire. She is a leading British feminist with a Marxist perspective who represents what is called the new art history. She has the reputation of being very tough and ambitious.

After reading her new book and her earlier *Old Mistresses* written with fellow-feminist Rozsika Parker – the title is the only joke in it – I did not expect to find a prettily-smiling feminine person with fluffy blonde hair (OK, it was dark at the roots) nor to hear her admit: "People often say they expected something different from this sort of floozy blonde."

But I soon saw the tough side. The moment we sat down she switched on a tape-recorder.

Prof Pollock started by explaining her version of the new art history. She told me it was not only about "the repressed question of gender". It was not even about restoring to women painters (there are few in history, but not as few as you think) the place denied them by men.

Its domain included race and class, exploitation and profit, the way curators "choreograph" painters' work and art experts manipulate their saleroom value. The idea that works of art are purely aesthetic objects is a 20th-century fetish, she said.

Nor was she engaged in psychobiography. "I am not trying to peek in, to get behind the mask and tell you the inner man. I'm trying to work from the pictures to construct the conditions of those pictures' production, what motivated them, how they were first perceived."

Do you actually look at paintings?

"Social historians pay infinitely more attention to art than the traditional art historians," she replied firmly.

Prof Pollock is convincing but long-winded. It was difficult to interrupt her. When I asked her whether she actually *liked* painting, or preferred one painter to another, she finally relented.

"Yes. Ten years ago I would have said art is the product of the social and ideological conditions of its time, which is a strategy for distancing yourself from the overwhelmingly celebratory, mystical view.

"Now I feel much more able to relax a bit and say I think it's wonderful. I mean, I think art is so brilliant. I admire the whole process. I wouldn't dedicate my life to studying it, I wouldn't be so hungry to understand it, if I was not quite literally made speechless with admiration at what artists can do."

Do you get same feeling when you see an exhibition of dirty nappy-liners? (I was referring to Mary Kelly's *Post-Partum Document* shown at the ICA in 1976).

She replied: "It wasn't an exhibition of nappy liners. That's a *Daily Mail* view. It's in the ordering, not the objects. Mary Kelly's work is deeply imprinted with the aesthetic preferences of minimalism." Just as the message of a Rubens painting of Christ depended on the spectator's knowledge, conceptual art was legible to those who bothered to learn the language.

Why are you a feminist art historian not just a female one?

"There are no such things as female art historians. If you are a woman you are required to be a professional transvestite. To be a feminist art historian is to say the world might be slightly different from the point of view of women. Women travel in social space differently. I can't walk down the street in the same way as you do."

I asked her about The Nude. Is it wrong for men to have used women's bodies for so many hundreds of years?

"Not wrong in the moral sense. It is typical of our culture in so far as it privileges masculinity."

You quote with approval a theory that men's idealisation of naked women is due to their fear of losing their willies. Might it not just be because they like the look of a naked woman lying on a bed?

"If you liked the look of a naked woman lying on a bed you wouldn't make nudes. If you actually liked women, as Stanley Spencer seems to have done, you would look at the form in which their bodies actually come. The point is that looking at women is extremely difficult for men because the body of woman has become for men a sign of the danger to themselves.

"I don't say you can't have your fantasies. But at whose cost? That's what most women feel. We are not *in* this culture, we are the objects of it."

Griselda Pollock is not struggling against her own biology. She is married, to a Reader in computer science at the same university and they have two children.

"He wanted children as much as I do," *she said.* "I have to struggle with him to get back enough of my children to satisfy my maternal needs."

She was born in South Africa, lived in Toronto and Quebec and came to England in her teens. Her father worked for big tobacco companies and her mother died young. She went to Oxford University: "I was horrified to discover that men found it tiresome and unattractive that I was intelligent."

Weren't you pretty too?

"I was a sad, earnest young woman who wanted to get an education, and passionately wanted to be allowed to be a thoughtful and sensible person.

"I saw these louts who'd got degrees by playing rugby and so on while we were being told (by the careers office) to go and be these men's secretaries. I thought that was unbelievably unjust."

At the Courtauld Institute she was asked to give up her scholarship in favour of a man, realised the women students were not being groomed to run the National Gallery one day and replied by setting up a women's art history collective.

The professor may be prettier than her prose, but she can be just as prickly. We were discussing whether pictures should be studied by gender (a word that in feminist vocabulary seems to imply a choice) when she dropped in the fact that she was Jewish. When I asked her later whether she was born Jewish or was converted on her marriage, she refused to answer. (It may be because she rejects the notion that anyone can be *born* Jewish.)

Twice subsequently she accused me of offensive, anti-Semitic language: in using the word 'disciple' to describe her readers and the word 'jargon' to describe her prose style. Jargon, she said, was a German word for Yiddish. (I could find no support for this in the dictionary).

She was much angrier when I accused her of writing in a way that obscured an interesting story and using terminology that would appeal only to feminists.

An altercation ensued and she said: "I write with incredible passion and with a sense this is relevant, not academic. It may be hard, it may be challenging, it may be unfamiliar vocabulary. But I will not give an inch to what I see as philistine, anti-intellectual British middle-class complacency."

I hoisted the white flag and conceded it might be the message not the words I found difficult; she, in turn, conceded that her tone was often "relentless".

We returned to the safer subject of sex. Prof Pollock became engaging and said it was a wonder to her that girls managed to grow up heterosexual after their early attachment to the mother. It was the excuse I needed.

Did you find it difficult to love men?

She was not flustered. "I get on extremely well with most men. I am happily married and I have friends of all sexes and sexual orientations."

You've never been a lesbian?

"No, no," she said, but musingly. She recalled a stage of her activism which she described as a kind of political lesbianism. "I have very many dear, dear friends who are lesbians. But no. On the other hand, it's very difficult because I don't think men in general find powerful, intelligent women particularly attractive.

"I sometimes wish men were more understanding of their own anxieties so that they could take responsibility for them and engage more easily with women who are attractive as people.

"To be an attractive woman in a situation like I am means that men just get horribly confused all the time. Because I'm meant to be the receiver of their intellect and then I'm meant to give the gift of my sexual compliance. That's the game. When I promise to be 'a good wife in Israel' (the phrase from the marriage service) I take that very seriously. I am not available for game-playing.

"I am deeply concerned with violence and violation, and art is concerned as much with that as it is with what is subtle, empowering, creative. We need to have both versions of it."

The wrestling over, Professor Pollock was flushed but smiling sweetly once more. Conscious now of my masculine deficiencies I tried my best to look neutral. Forget the tender trap, I thought. This is the gender trap.

■ *Avant-Garde Gambits, the 1992 Walter Neurath memorial lecture; is published by Thames and Hudson, £6.95.*

From page I

# Still plenty of North Sea life

These are picked up by sensors, which measure precisely its position and make course corrections if needed. Oilmen can even go past a reservoir and bore into it from underneath if their geologists reckon that will yield more oil.

All this has slashed costs. Gordon Culloch, a burly Mississippian with the Santa Fe company, which operates the rig, says drilling innovations have halved the average time taken to bore a North Sea well to 30 days. "What it's all about is productivity," he says. "Fields are going to get smaller, and we just have to be more efficient. There's no future for guys who can't do that."

About a dozen oilfields continue to be found each year. Most of them are much smaller than Nelson, but they help to preserve Britain's reserves-to-production ratio – a key measure of how long the oil will last. In fact, the present gloom might be deceptive. Most forecasters believe UK oil and gas output will surge to a new peak during the late 1990s as the Nelson generation of wells comes on stream.

And oil companies have far from exhausted the search. "There's 10 years of healthy exploration left in the North Sea," says John Hogan, North Sea managing director of Lasmo, which part-owns Ninian's waning resources. But Lasmo has several other projects going and expects to double its output of oil, and treble its gas output, by 1997.

Just as important as the rate of discovery is the advance in extraction technology. A striking example is Brent, where Shell and Esso are spending £1bn rejuvenating one of the UK's earliest and largest fields. As oil output declines, the field is being switched gradually to extract the huge bubble of gas which has accumulated at the top of the reservoir. Shell's engineers reckon they can give Brent new life as a gasfield producing 500m cubic feet a day – 5-10 per cent of Britain's needs.

Oil seldom runs out completely. Man either finds new ways of extracting it or the threat of shortage drives prices up to levels that trigger fresh investment. "We went to Brunei in 1921 thinking the oil would last until 1935," says Jerry Saville, until recently Shell's personnel director in Aberdeen. "We're still there."

Although oilmen complain about the UK's high costs, they still see the North Sea as one of the world's most attractive exploration areas because of the high quality of the oilfields and the hospitable political environment. "It's the centre stage," says Santa Fe's Culloch. "In the US, oil is seen as a sunset industry. Here, it's still exciting and glamorous."

So, what does our swing through the rigs tell us? All the big fields have been found, and some are tailing off already. But the high level of activity and technological advance actually actually ives grounds for hope. Estimating the life of reserves is a notoriously inexact science. The department of trade and industry has calculated that, at the very least, the UK still has 555m tonnes of recoverable oil. At the present production rate of 91m tonnes annually, that is enough for a mere six years. Nobody believes things are that bad, though.

The DTI's maximum estimate is 1,960m tonnes, enough for just over 20 years, which is the sort of figure you hear more often in the oil industry. But the big change that will occur during the 1990s is foreshadowed by developments at Brent. Gas will become much more important: BP estimates it will account for as much as 40 per cent of North Sea hydrocarbon output by 2000, and that this share will go on rising into the next century. This is what underlies the "dash for gas" which has been blamed for squeezing coal out of the power generation market. The DTI's estimates of known gas reserves would last up to 36 years at present consumption rates. True, gas consumption will rise sharply in the years ahead – but we may have discovered only half the gas that exists.

So, the North Sea is at something of a turning point. "We've left the pioneering age behind us," says Jan Veldwijk, a Dutchman who heads the local operations of Rockwater, a specialist in underwater contracting. "We mature all the time. We're harvesting experience."

The old image of gigantic platforms pouring out oil needs to be discarded. In its place, think of high-tech rigs sucking out oil from dark corners, and gas hissing out of valves plugged into the sea floor. There could even be enough hydrocarbon and gas to last half a century. By then, who knows what amazing new fuel source might have been invented.